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West Europe Report



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17 May 1984

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DE RUITER ON CRUISE MISSILES, DEFENSE COSTS

Rotterdam HET VRIJE VOLK in Dutch 4 Apr 84 p 4

[Interview with Job de Ruiter, minister of defense, by Rijk Timmer: "On the Western Side We Are Not Dealing Just With Angles Either"; date and place not given]

[Text] In June the administration will make a decision on the stationing of nuclear missiles in the Netherlands. The top responsible minister, Mr Job de Ruiter from the Ministry of Defense, continues his silence on the deployment. He let it be known that an interview was possible, but if HET VRIJE VOLK wants to tempt him into making "the" statement then they may as well forget it. He does not want to make that statement and he will not make it. He was, however, willing to talk about the famous reservation.

De Ruiter is often seen as the man within the administration who really does not want any cruise missiles. What is that impression based on? Would it really be possible for Lubbers and CDA [Christian Democratic Appeal] parliamentary party leader Bert de Vries to plead for fewer than 48 missiles without De Ruiter agreeing to it?

No, say political friends of the minister. De Ruiter would agree with the stationing if this were counterbalanced by a real reduction of nuclear arms, another one commented. Hence De Ruiter's plan to subject the six nuclear tasks the Netherlands has today to close scrutiny. Meanwhile, it is virtually certain that two of the six nuclear tasks will be dropped: the nuclear anti-aircraft missiles will be replaced by conventional ones and the nuclear mines can also be removed. Let everyone draw their own conclusions.

In addition to all this, there is also the pressure on the Netherlands from the allies not to withdraw. This pressure is so great that in at least two capitals -- Washington and London -- upper level government officials have, either consciously or not, pushed aside the existence of a Dutch reservation concerning the deployment. According to those officials, the Dutch government agreed in 1979 to the double

decision and thus to the deployment in their own country. According to them, only the parliament still has to give its consent. That is an incorrect interpretation of the matter. The administration also still has to make a decision, in June.

A Pity

De Ruiter is willing to comment on this misunderstanding among friendly governments. "It has occasionally also struck me that they are suggesting abroad that it would be a pity if the Dutch government, after having agreed to NATO's double decision in 1979, were to not pursue it," said the minister.

"But that is not the way it is. The Netherlands still has to decide whether the reservation will be translated into an integral endorsement of the double decision."

How could this misunderstanding grow? Did the administration really defend its position within NATO? "No NATO meeting actually takes place without our once again clearly explaining our position," said De Ruiter. "There can be no difference of opinion on this. But I think that whenever we explained our position, those who were strongly inclined toward deployment tended to say that our position was always more in the direction of a yes, and that those who were strongly against tended to emphasize the negative meaning of the reservation. However, one should read the reservation as it is."

And that is all that the minister was willing to say about the missile question. The remainder of the interview related to broader defense policy. About the costs of national defense, which are not being cut (in contrast with the other government budgets). About NATO and the harsh noises coming out of the alliance. About the credibility of the alliance, in which from time to time dictatorships also seem to exist.

A dove among the hawks; that 53 year old, friendly and somewhat quiet minister? Clearly not a man like his British colleague Heseltine who once, clad in a camouflage suit, flew to Greenham Common by helicopter to challenge the women in the peace camp. But certainly not the man either under whose leadership the Netherlands would become the Romania of NATO. Not a dove, not a hawk, but a somewhat strange bird in the NATO nest.

[Question] De Ruiter was in a fine position when he became minister. The government agreement of the Lubbers administration was dominated by retrenchments, but a single department was excepted: defense. The Americans have a fancy expression: either guns or butter, for swords or plowshares as we would say. Does De Ruiter mean that the Netherlands has made a choice in favor of guns now?

[Answer] No, no (said the minister). That idea of making a choice in favor of guns is completely foreign to the Netherlands. It does mean that we have made a political choice for... we have a definite expression for that... a credible military force. Not with the intention of waging or winning a war with it, but as a political signal that a war is unthinkable these days. The risks are such that an opponent, a possible opponent, someone else -- and we too, for that matter -- no longer can cross the threshold toward armed conflict.

We pay a certain price for that and it is not always easy to bring this before the public. The apparently paradoxical aspect is that you have to show your military face. That is an old philosophy, but it is becoming ever more realistic because the misery connected to war is becoming ever greater. We know for a fact that even a new conventional war would far exceed the horrors of World War II. And then we are not yet talking about nuclear matters at all.

You sometimes wonder: what is the product really? What are you working for? You can approach it in all kinds of ways, but it is actually that readiness, the operational ability which makes it possible for you to continue to live at a reasonable level of peace and security. In that sense there is a choice. Not between guns and butter, but rather in the sense that we keep our armed forces trained and ready to maintain those things which are dear to us in the Netherlands, and that also includes our daily life.

Therefore you should not think of the armed forces in a separate context. It is not a strange element in society, but rather one of the pillars to uphold society. Then you will automatically start thinking about what you want to uphold. About your country, Western Europe, the world. Then you will see that our view of democracy, of human rights, of material and immaterial matters, are very close to our hearts. And this then entails a kind of -- well -- mission to say: if we want to uphold that with a credible military presence, then we must ensure that things in the Netherlands are right with, for example, democracy and human rights.

Propaganda

[Question] Voices have been raised lately within NATO, saying that the right of the alliance to exist should be re-explained to the young people. According to that line of reasoning, NATO does not exist solely to dam the military power of the Soviet Union, but it also embodies the ideological conflict which we are supposed to have with the Soviet Union. Do we have to attack communism once again with propaganda?

[Answer] It is a fact that the socio-political element of NATO must clearly come to the fore. That is the embodiment of a political conception, of democratic gains of individual freedom, of responsibility, of possibilities of development. But then the question remains: what about countries who have different views?

There are occasionally noises which, as far as I am concerned, go far too far and whose reasoning is: we in the West stand for beautiful ideals and there are other countries which represent evil. We should not close our eyes to the

fact that there are regimes which do very horrible things with human rights, but you cannot take as basis for your policy that we are on the right side and they are on the wrong side and that we should slowly roll them up, as it were. You should face the facts and in a political way search for ways to improve.

The road for that is not that of confrontation. Not saying: if you follow the wrong ideology, we'll see who is the strongest. No, we must achieve something good through the road of penetration, of contacts, of a certain gradualness. Following the road of conflict nothing good has ever happened in the world. I think that we should export this view of allied policy, specifically in order to provide a sound balance to the superficial approach which remains stuck too much in outward things such as tanks and airplanes.

[Question] Can De Ruiter do this, export this view within NATO?

[Answer] These views are not seen as heresy there. But on the western side we are not dealing just with angels either. As far as I am concerned, it should always be made clear that, with a kind of ideological confrontation policy, which could also have a military component, we are on the wrong track. But on the other hand, we should also realize that that military component is necessary within the whole context of foreign relations, also in order to try to do something about arms limitation.

[Question] Is there talk at this time of conducting a confrontation policy?

[Answer] No, no... we are stuck with a strange and totally unintended consequence of the numerous negotiations. You would think that negotiations would have a favorable impact on the climate, but the tremendous amount of attention which is paid to the negotiations, the eagerness with which especially we in the West want to see results, as a result of which all of us as it were want to move closer to the negotiating table, have led to the development of a tense atmosphere, specifically around the negotiation process. People want to see results and when they are not forthcoming, then the mood turns to fear of war.

War

And when you consider the situation in Europe then since about 1977, then you see that, even though politically and militarily speaking there really is no reason for it, a great many people have started talking about war and the threat of war. Luckily -- and let us once again see this as a model -- there is not a single analysis which points to a threat of war in Europe.

[Question] Who is talking about a threat of war? Is it worried citizens or the leaders of certain countries?

[Answer] I mean the general atmosphere, also in terms of publicity. That is logical too, because all kinds of data are coming onto the table because of the negotiations. All weapons are being placed in a row.

[Question] Doesn't De Ruiter think that people will worry about those weapons because certain leaders ascribe so much weight to them?

[Answer] What I want to argue is that there is a kind of unintended publicity type side effect of the negotiations. That is what makes people worried. Don't misunderstand me, I don't find it wrong for everyone to want to be involved in thinking about it, but it is remarkable that something that is intended for debate produces a kind of side product -- because of the necessary attention it receives -- which goes squarely against it.

[Question] There was a time when East and West concluded one treaty after another. Now it seems that nothing is possible anymore. Are the Russians to blame for all of that?

[Answer] I don't feel that I could name a single reason and say: that is the problem. But it is a fact that two issues have had a particularly worsening effect on our view of the Soviet Union: Poland and Afghanistan.

You may want very badly to pursue a policy of moderation, of detente, of not wanting to seize every issue, but it did receive a blow. In international relations love cannot come from one side only. I see only one basis for concluding treaties and that is to search for points of common interest.

[Question] Such a point is arms limitation. That was said in so many words during the Polish crisis. And yet we are not getting out of it.

[Answer] Afghanistan and Poland have really made matters more difficult. In addition, you also have to note that as long as negotiations are used to win a kind of publicity battle, things will not be easy either.

[Question] Precisely. And that while the first agreement in Geneva notably was not to negotiate publicly.

[Answer] It was not that at a certain moment the negotiators themselves suddenly started to tell tales. All over the world, all the information that could be gotten hold of... including the governments... well, they talked about it in the parliaments, comments were made about it. All those small stones rolled on. How often did they say in parliament here: if the Americans would just say this or that... As cabinet we have always reacted discouragingly to it.

Costs

[Question] Let us return to the defense costs. At the first reading of the defense memorandum in the Second Chamber, the fear was expressed that defense is becoming too expensive. Furthermore, alarming reports are coming out of the FRG. They are afraid there that in the foreseeable future the Bundeswehr will become prohibitive. What does De Ruiter think?

[Answer] The defense memorandum is based on a certain growth over the next 10 years. If we are able to achieve that plan in outline, then I don't think that defense is too expensive. And I feel then that the relationship between what you want to achieve and what you want to pay is very well balanced. It

is not true, as is sometimes thought, that the claim of defense on the total resources is becoming increasingly greater. On the contrary, it actually keeps getting smaller or it remains stable...

[Question] That is true in and of itself, but with the advent of this administration a political choice was made. Defense can go on growing.

[Answer] Before the cabinet came into power a political choice was also made as a result of the 1978 NATO decision to allow defense to grow by 3 percent annually. All the countries said: that is what we are striving for. Various administrations have felt compelled to deviate from that. It will be of enormous importance for us to stick to the agreed upon growth in the times ahead. Nothing is more detrimental to plans than to incidentally interfere with them. If you are not prepared to pay the money for it, then the whole plan should really be reviewed.

[Question] The administration has made a choice now for a 2 percent annual growth, NATO feels that it should be 3 percent and the supreme commander, General Rogers, recently said that there should be an additional 5 percent per year for the purchase of new weapons. Where will it end?

[Answer] Of course, it is always the case that the man at the front, who is directly involved with the operational wishes, asks a great deal. It has always been true that the military leaders have gone to the politicians with desires which later on were never fully fulfilled. The fact is -- and that is also my motivation for that growth -- that we will not maintain the present level if we do not continue to grow. But there are also -- let us be frank about it -- other marginal conditions which determine the military budget.

[Question] General Rogers does more than ask. He says that we are spending seven times as much on social matters than on defense and that we must simply change that. He points out a political direction.

[Answer] No, he expresses a military wish. There are also people within NATO, especially in the military corner, who say: 3 percent, all right, but look at 4 percent as a challenge. But NATO has made a choice for 3 percent.

Raise Bids

I was just talking about non-military marginal conditions. We should not let ourselves be blindly dominated by the development of arms systems. That is a bad business. On the other hand, it is unthinkable that we should ignore that development. But there is only one development which should dominate policy. That is the embedding of military policy in a much broader foreign policy. If we don't achieve agreements with the Warsaw Pact we will continue to raise bids against each other.

[Question] De Ruiter met with his colleagues of the Nuclear Planning Group in Turkey. Things are going a little better in that country now, but a very short while ago things were very bad for democracy there. In the past the same was true for Portugal and Greece. Some NATO countries are willing to praise these kinds of regimes to the skies. Isn't the credibility of NATO at stake here?

[Answer] The principles of NATO force us to keep a close eye on those matters. And then you do see that in those countries things did turn out well. We were intensively involved with Greece at the time...

[Question] ... via the parliamentary body of the Council of Europe. That was not thanks to NATO but in spite of NATO. In Turkey Secretary of Defense Weinberger said that the generals were doing great. And former Secretary of State Haig said that those generals were fighting evil whereas the generals in Poland stood for the evil.

[Answer] I cannot specifically comment on that... I would have to have the literal texts for that. But whatever they sounded like, it is totally contrary to the NATO idea to have a preference for regimes run by generals. As a matter of fact, NATO is not a kind of fellowship of generals but a much broader international cooperation which plays an important role, specifically in the area of democracy and human rights. Anyone who would claim that NATO is better off when generals are pulling the strings somewhere would find me in any case, and actually NATO, absolutely against him.

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DE DONNEA ON DEVELOPMENTAL AID, WALLOON LIBERALS

Brussels L'EVENEMENT in French Apr 84 pp 22-24

[Interview with Francois-Xavier de Donnea, by Jean-Claude Ricquier:
"Francois-Xavier de Donnea: the Louvain Professor Has Become a Liberal Minister";
date and place of interview not given]

[Text] Francois-Xavier de Donnea belongs to that small group that French-speaking liberals are counting on to begin their renewal. The choice of this Louvain University professor for the November 1982 elections clearly showed the liberals' desire to secularize themselves. His entry into the government a few months later made this desire all the more evident. Such recruitment is generally reserved to elder statesmen, powerful bosses or recycled politicians; this time it benefited an intellectual who had just barely attained the age of 40 that is required to qualify for the Senate. When Paul Hatry became a minister again, Francois de Donnea succeeded him on the most prestigious of commissions, that of Finance. He is presently in Cooperation for Development and the only French-speaker to assume any political responsibilities in the whole area of foreign affairs, where Flemings hold all the power. They control Foreign Relations and Agriculture, European Affairs and Foreign Trade, not to mention Economic Affairs and Defense. De Donnea is perfectly trilingual and has degrees from the Universities of Louvain, Rotterdam and Berkeley; he speaks his mind, and this, as is well known, has caused him to move around a lot. Has he done so because, as some people in parliament say, he is hard to reach? True, the man is reserved. His political style is light-years removed from that of Herman De Croo, for example, who delights in political power. You can wait forever to get a joke out of Francois de Donnea. His wife, Yolaine, seems more inclined to humor; last year, when she met some friends on the beach, she told them, "I'm airing out my senator." The "senator" just smiled but did not pick up on the joke. He is a deadly serious worker who never improvises and always knows exactly where he is going. He is one who thinks that what one person does can change things. He therefore does things with scrupulous care, even overcaution. This type of personality is obviously not spontaneously attracted to the election bouts that others enjoy so much. But it would be going too far to say that his natural reticence would keep him from being persuasive. In politics, as in anything else, competence is always impressive.

Jean-Claude Ricquier: You came into the government only a few months ago. If you were to leave tomorrow, what would you have learned from this brief time in power?

Francois de Donnea: The first thing one learns about the way government works is that the wheels of power are much more complicated than people on the outside can imagine. No doubt this particular government is facing especially difficult problems, but I still think that complexity in the exercise of power is a constant, general rule. From a distance, people might sometimes tend to criticize government action simplistically, saying the all-too famous words "All you have to do is..." or "All it would take is..." But in a country like ours where the economy is so dependent on what happens abroad, the margin for maneuver is narrow and limited. Very often, decisions made in Washington, Bonn or Paris have as much influence on our country as decisions that the Belgian government can and must make. What complicates matters even more in Belgium is without a doubt the problems related to the national community. Of course, we ought not to lose sight of the fact that almost all countries have specific national problems: confrontations between Walloons and Flemings are replaced in other countries by rivalries between races or religions. The fact remains, though, that our social problems are certainly being exacerbated by the economic crisis we are going through, and they are more difficult to solve or overcome than if we were in a period of prosperity.

[Question] Would you go so far as to say, like Robert Vandeputte when he left the government, that you are a "minister without power"?

[Answer] More precisely I would say this: a minister actually has quite enough power, but only if he stays within the established system. That is the second thing I have learned from my government experience: a minister can exercise real power as long as he does not want to change or reform the context he works in. Thus, as concerns cooperation, a minister can direct the course of options and opt for one project or another in one country or another, but if he wants to reform the administration, things become very difficult, because this type of reform requires the collegial cooperation of other ministries. However, this collegiality is still difficult to practice because it incurs almost inevitable reticence to realigning zones of power or influence. If a minister intends to modify an institutional or administrative setup, he soon realizes that he is a minister without power or, better, that his power depends on the government partners he must convince if he wants to carry out his reform. This seems to me to be the major limitation in exercising ministerial power. But this limitation does not have only negative aspects, because it makes it possible to avoid abuses and arbitrary use of power; but it is very often excessively burdensome because it can lead to blocking indispensable reforms in the name of strictly partisan interests. Finally, the third thing I have learned from government service is this: a minister cannot manage his department if he is in conflict with his administration, for the very good reason that if there is conflict, the administration will always win in the end. It will hunker down and wait for the storm to blow over and especially for the minister to depart. Thus, if a politician really wants to accomplish great things, he must do so in collaboration with his staff: this seems to be to be an iron-clad rule.

[Question] Your parliamentary experience is also brief. You entered the Senate only a little more than 2 years ago. Do you think it is an advantage, because you have fresher ideas, or is it a disadvantage because you don't know internal policy workings as well as others?

[Answer] I am glad to have been in parliament before entering the government. I learned an awful lot when I served as a senator, not only because I had the good fortune to be able to chair the Finance Commission but also because I was able to learn a lot about the quality work that is done by commissions.. This work gives rise to profound discussions, and it makes it possible to hear and meet people with different opinions and different ways of looking at things. What is done by the commission and what is said in public debate should not be confused. Public debate sometimes has a showcase side to it that is not very serious, but the essence of parliamentary activity is not there: it is in the commissions, the corridors and the contacts that are extremely enriching because they make it possible to get to know the country in all its diversity and complexity.

[Question] You are the incarnation of that part of the Catholic intelligentsia that has rallied to the liberals. Do you see any differences between yourself and your traditional liberal colleagues?

[Answer] The liberal party draws its wealth from the fact that it is made up of people with varying sensitivities. But what is clear is that there are no "families" within it as there are in other political groups. Indeed, true team spirit reigns within the PRL [Party of Liberty and Walloon Reform]. As our president, Louis Michel, has said, "The PRL is a party in which everyone has found a place." And I also note that when there are divergences of opinion, they are very frankly expressed among us and have never called into question the homogeneous nature of our party or our political action.

[Question] A lot has been said recently about renewed activity and influence on the part of the Masonic Lodges. Are you feeling this pressure in the PRL?

[Answer] No.

[Question] The city is rife with rumors about increasingly sharp dissension between Foreign Affairs and Cooperation for Development, even between Mr Tindemans and yourself. Is this just smoke or is there fire?

[Answer] It is a secret to no one that there are at present some differences of opinion between Mr Tindemans and myself on the means of providing agricultural aid. But undue importance ought not to be attached to this difference of opinion, which concerns solely the means of reaching objectives on which we are in agreement. Mr Tindemans wishes to strengthen our agricultural cooperation by relying essentially on a consolidation of the AGCD [General Agency for Cooperation and Development] and rejects the idea of having some projects carried out in part by an ASBL [nonprofit organization], i.e. AGRI-PROM [expansion unknown]. I also think the AGCD needs to be strengthened. But I also think it cannot be done in a day, or even a year.

Meanwhile, our projects will continue to gather dust unless we go in for some kinds of subcontracting in a big way. Indeed, our agricultural cooperation is experiencing considerable delays in various countries such as Zaire, Indonesia, Sri Lanka, and others. Let us take a concrete example: out of about 15 agricultural cooperation projects in Zaire opted for by one of my predecessors, Mr Coens, in 1980-81, only one or two are now just getting started. That is a deplorable situation, which can in no way be blamed on any AGCD unwillingness but on the fact that there are only a half-dozen agronomists left in the agency to take care of projects in more than 30 countries. These agronomists are excellent experts, and they cooperate with us most loyally, but they are simply overworked. Thus, while I believe with Mr Tindemans that the number of agronomists in central administration must be increased, I also think that a new formula must be found to tide us over till a beefed-up administration has acquired the necessary experience and become operational. That is why I have encouraged some university faculty specializing in the agricultural problems of developing countries to set up an ASBL that the AGCD would have subcontracted with to carry out certain agricultural projects. Contrary to what has sometimes been said in some of the Flemish press, which has criticized my intentions often enough, it was not an effort to gut the AGCD but to enable it to carry out some of its projects by going the subcontracting route. Still, I did not sign any agreement with this ASBL precisely because I was waiting for Mr Tindemans' opinion so we could set up the terms of the agreement. Time will tell whether it is really possible for us to set up agricultural cooperation quickly by counting on the AGCD alone. I hope we can, and I will keep trying, but I am skeptical. Anyway, I am sure that Mr Tindemans and I will finally come up with a satisfactory solution to revitalize our agricultural cooperation. This is, then, a difference of opinion that should not be overdramatized; it is much more a tempest in a teapot.

[Question] Are some political circles ready to divide cooperation along language lines?

[Answer] The CVP [Christian Social Party] congress has come out clearly for this. Personally, I think it would be a serious mistake, because it is certain that when the day comes when we have French-speaking and Flemish-speaking cooperation, the ministry of Foreign Relations will fall apart. If there are two sections for cooperation, the ambassador posted to the country in question will be forced to choose one or the other. From that moment on, our diplomacy will collapse. A schism in our international cooperation will serve the interests of neither the Walloons, nor the Flemings nor the Brusselese; rather it will have catastrophic repercussions. Having said that, I wish certain significant balances could be achieved between the two language communities, but it must be done within a single organization among the others in the ministry of Foreign Relations, namely diplomacy, career service, the Belgian Office of Foreign Commerce, and OSSOM (Office of Overseas Social Security).

[Question] When a government is formed and a state secretaryship is given to a person from another party than that of the presiding minister, does that not lead people to believe that the state secretary has been given real political independence?

[Answer] When a state secretary is not of the same political stripe as the presiding minister, it is normal for him to try to carry out a policy that represents the feelings of his party and language community. I am the only French-speaking member in the government who is competent in the area of foreign affairs. It would be unacceptable to our community if I did not have sufficient political autonomy. This indispensable autonomy of the state secretary in no way prevents him and his minister from working in real harmony in order to carry out a consistent foreign policy and not give a divided image of Belgium abroad.

[Question] There is no instance since the war of the liberals having won an election after participating in the government. The voters have always punished them for having been in power, as though the voters were motivated mainly by an opposition reflex. Now your party seems to want elections; it is that sure of itself. Who has changed, then: the party or the voters?

[Answer] My party does not want elections; it wants governmental effectiveness and stability, but stability in action. Thus, it wants the team presently in power to serve out the normal legislative term, even until November 1985, as the Senate majority leaders have been suggesting. As a matter of fact, the leaders have submitted a bill intended to keep the legislature in session until November 1985. But we want the time left to us to be used to strengthen as vigorously as possible the policy of recovery that we started more than 2 years ago now.

[Question] The government has authority and is exerting it. But still, doesn't the old language-community conflict seem to you to be more active than ever?

[Answer] It is true that some of our problems have language-community coloration. Some recent examples are Zeebrugge, Chooz, the steel industry, the Campine mines, the Fourons, the Galle proposal, the communities surrounding Brussels, etc. Even Cooperation policies do not escape language-community demons. Hence, all these problems have a high emotional content. But I think there will always be language-community problems in this country, because they reflect tensions between various social groups vying for their share of the "economic pie." The economic crisis we are going through heightens the economic rivalry between the two communities. The main thing, then, is that the government be strong enough to referee these conflicts of interest and to solve them. Language-community problems as such are inescapable and predestined. The important thing is to keep them from paralyzing the government's economic and social action, which obviously must take priority. Fortunately, we have been able to overcome major language-community difficulties in recent weeks. I think this is a good sign and indicates that reason can still win out in this country.

[Question] You are one of the youngest senators taken into the government in this country's recent history. Do you want to stake your claim in government service, or do you intend to "go get the coal," i.e. hit the hustings, as Raymond Barre used to say?

[Answer] Let me remind you that I have already "gotten coal," since I was elected a municipal councilman in Brussels in October 1982. But it is true that the vocation of any politician is to go "get the coal" at the national level. Thus, if I stay in politics, I will certainly run for legislative office.

[Question] In Brussels.

[Answer] Yes, in Brussels.

[Question] If you had the political good luck to have your choice of office some day, which would you choose?

[Answer] That is a hard question, because the interest of the various ministerial positions varies according to time and circumstance as well as according to the administration in office. But, by training, I am naturally inclined to be interested in economic and financial issues. Having said that, though, I am very happy to be in Cooperation, where a lot of good can be done.

8782

CSO: 3619/58

ICELAND'S ROLE IN NATO SECURITY UNDERLINED BY USSR NAVAL EXERCISE

Reykjavik MORGUNBLADID in Icelandic 6 Apr 84 p 16

[Editorial: "Soviet Naval Exercises"]

[Excerpts] The Soviet fleet is now undertaking unusually extensive naval exercises in the Norwegian Sea, namely in the ocean north and east of Iceland. A number of warships, submarines and aircraft are participating in these exercises for the purpose of showing that the Soviets can control the Norwegian Sea in times of danger and conflict. It is interesting to compare the purpose of these extensive Soviet exercises with the naval and military exercises that were undertaken by the Atlantic Alliance in the same area a few weeks ago. The Soviet naval exercises are based on totally different goals than those of the NATO military command. It is obvious that a Soviet naval fleet coming from the Kola Peninsula would not reach the Soviet objective of dominating the Norwegian Sea unless simultaneous to the ships sailing from the Barents Sea an attempt would be made to gain use of airfields in North Norway for Soviet aircraft and at the same time preventing any defensive actions in the Norwegian Sea originating in Iceland and Scotland. The Soviets are not exercising measures in cooperation with an ally but offensive measures at sea and on land that are first directed toward Norway and then at Iceland and Scotland, and of course Greenland and the Faroe Islands would enter the picture. The objective of these Soviet measures is to form a defensive line around their missile submarines and their huge armory at the Kola Peninsula and block the sea lanes of communications between North America and Europe.

No detailed descriptions of the extensive Soviet exercises are available. Comparison to earlier incidents when the Soviet fleet has shown its power in the Norwegian Sea shows that one of the main goals of the Kremlin is to be prepared to close the Greenland-Iceland-United Kingdom (GIUK) gap and be able to control the ocean north of that gap, that is north of a line spanning from Greenland across Iceland to Scotland. Norwegian Minister of Defense Anders C. Sjastaad has said that it should not be tolerated that the Soviets draw any such lines and care must be taken that NATO warships can be influential in the Norwegian Sea itself. Understanding of geography suffices to realize that otherwise Norway's lifeline is cut in time of conflict.

We Icelanders have had enough of Soviet air and sea military activities in the vicinity of Iceland. The exercises under way show that the Soviets are far from stopping. More ships are constantly being added to their fleet and

the trips of aircraft around Iceland increase steadily. The range of the aircraft becomes increasingly longer and it therefore becomes easier for them than before to operate all around Iceland. The British who normally have directed their air defense to the east now turn north and even west when searching for uninvited guests in their air space. Here in Iceland this increased danger from the air is now being answered by improving the radar system and planning the construction of new radar stations in the northwestern and northeastern part of the country.

What aroused the greatest attention during the Soviets' last exercises was how quickly they were able to dispatch a powerful fleet of submarines and warships into the Norwegian Sea. This readiness command indicates that the Soviets are preparing first strike activities in this area.

While calling attention to these facts, it should be recalled that there is nothing that indicates that the Soviets intend to attack the nations in the northern region of the Atlantic Alliance alone. These exercises therefore do not change that evaluation.

9583

CSO: 3626/20

BRIEFS

AMBASSADOR TO U.S. TRANSFERRING--According to Secretary General Ingvi S. Ingvarsson of the Foreign Ministry, some transfers will be taking place this fall. As a rule, embassy personnel are transferred between embassies every 4 or 5 years. This fall the following transfers will take place: Counselor Hjalmar W. Hannesson will return from Stockholm to work in the Foreign Ministry in Iceland. First Secretary Berglind Asgeirsdottir in Bonn will be transferred to Stockholm. First Secretary Haukur Olafsson will be transferred from Washington to Bonn. Counselor Hordur H. Bjarnason will be transferred from Moscow to Brussels and First Secretary Benedikt Jonsson will be transferred from the Foreign Ministry to Moscow. [Text] [Reykjavik MORGUNBLADID in Icelandic 29 Mar 84 p 14] 9583

CSO: 3626/20

POLL MEASURES VOTER LOYALTY TO PARTIES

Oslo AFTENPOSTEN in Norwegian 25 Apr 84 p 3

[Article by Norsk Opinionsinstitutt A/S: "Many Voters Uncertain"]

[Text] There is a large number of floating voters in our country. Sixteen months before the Storting election only 64 percent of the voters are sure that they would vote for their old party if the election were tomorrow.

The Liberal Party [V] can be pleased at having still more loyal voters: in one month their voter stability has increased by fully 30 percent, and is now at 87 percent. But the Christian People's Party is on top with 92 percent. The farthest down on the stability curve is the Progressive Party [FRP] with 58 percent. Young people are the most uncertain in their choice of party.

The above comes from the voter poll by Norsk Opinionsinstitutt A/S and AFTENPOSTEN in March of this year. The poll should be thought-provoking for the Conservative Party [H], Center Party [SP], Progressive Party [FRP] and Socialist-Left Party [SV]. Respectively 10 percent, 14 percent, 8 percent and 12 percent of those who voted for these parties in the last Storting election are in doubt whether they would do the same if the election were tomorrow.

Many voters have decided to leave these four parties. In the above order, the parties' losses are 9 percent, 6 percent, 12 percent and 6 percent. FRP has the most voters who are doubtful if they will give their party renewed support. That amounts to 22 percent, while 6 percent of H voters are unsure, 9 percent of SP and 6 percent of SV.

The Labor Party [A] has 5 percent who perhaps will vote for another party, 2 percent who have decided to vote differently from the last time, and 7 percent who are unsure whether they will remain with their party.

KRF [Christian Democratic Party] has few doubters. Two percent replied that they would perhaps vote differently than the last time, while 6 percent were unsure. The doubt among the V voters is somewhat greater, where 6 percent perhaps would vote for another party, and 7 percent have decided to vote for another party.

In comparison with the voter stability in February of this year, this is the way it went in March: A 85 percent (-2 percent), H 73 percent (-7 percent), KRF 92 percent (+5 percent), SP 71 percent (-1 percent), FRP 58 percent (same as last), SV 74 percent (+2 percent) and V 87 percent (+30 percent).

Older voters are more loyal to their party than younger. Of those who were unsure of their choice of party, fully 46 percent are under 30, 10 percent are in the age group 30-59 and 8 percent are 60 or older. Only 36 percent of those who would vote the same as the last time are under 30 years old.

Question: Did you vote in the Storting election of 1981? If yes: If there were a Storting election tomorrow, is it absolutely sure that you would vote for the same party as the last time, or would you consider if you perhaps should vote for another party, or are you entirely sure that you would vote for another party, or would you perhaps not vote, or are you unsure what you would do? The percentage number of party supporters from 1981 who are sure that they would vote for the same party is as follows:

Party	1983								1984		
	Apr %	May %	Jun %	Aug %	Sep %	Oct %	Nov %	Dec %	Jan %	Feb %	Mar %
A	81	81	82	81	86	88	91	84	87	87	85
FRP	70	63	56	59	65	59	78	66	66	58	58
H	79	74	79	72	75	62	70	70	67	80	73
KRF	86	69	80	70	81	84	87	76	78	87	92
SP	79	71	79	73	83	88	66	76	72	72	71
SV	72	71	75	68	69	83	69	75	84	72	74
V	49	57	54	39	63	56	58	77	61	57	87

The number questioned in each month's poll was between 30 and 60 for all parties other than A and H. The margin of error for these other parties is therefore significant. In February H had a strong increase in voter stability, perhaps due to a somewhat increased accidental fluctuation. The increase was more moderate in March.

9287
CS0: 3639/108

BASQUE LEADER EXPOUNDS 4-YEAR PROGRAM

San Sebastian EGIN in Spanish 11 Apr 84 p 6

[Text] Gasteiz (EGIN)--Today Carlos Garaikoetxea is taking the first step on the road toward reelection as "lehendakari" (leader) of the Basque government in a meeting beginning at 12 noon with a reading--which will go on for a maximum of 90 minutes--of what his government program for the next 4 years will contain.

This second plenary meeting of the second autonomous legislature has aroused more interest among the media than among the public, since both ETC and TVE have announced that they will transmit live broadcasts of the event in their program for the Basque provinces; as have various radio stations--among them Radio Euskadi.

Along with the contents of the speech, the feature which could prove to be most controversial centers around the formula chosen by Juan José Pujana for reelecting Garaikoetxea. As has already been reported on numerous occasions, this will not be a plenary meeting for the purpose of investiture, as might be supposed, but rather a meeting "for appointment of the lehendakari," in terms of the reelected president of the Chamber. This means that the election will take place through the procedure of balloting; that is, it will be possible to vote in his favor either by writing the candidate's name on the ballot, or by leaving it blank.

In this way, there is no possibility of voting against the candidate proposed by the PNV [Basque Nationalist Party]. The method chosen by Pujana has aroused some timid criticism from the opposition, who in the end had no other choice than to accept this interpretation of the By-Laws.

Garaikoetxea To Be Elected by His Party's Votes Alone

If there are no major surprises, Garaikoetxea will emerge elected solely by the 32 votes of the PNV, since the rest of the parties in the Gasteiz Chamber have already announced in one way or another that they will cast blank ballots. Although an absolute majority is required for election on the first ballot--something which is impossible for the PNV at present--Garaikoetxea is assured of reelection in the second round of voting, which will take place tomorrow, since then a simple majority will be sufficient.

The contents of the speech planned by the present acting lehendakari have not been officially released, but it is assumed that the three essential main points will be related to the problem of violence, the economic crisis, and so-called "development of statutes." In this context, there are sure to be references to the recent measures for "reinsertion into society" which have been proposed for certain Basque prisoners, as well as the topic of naval and fisheries reconversion and the unblocking between the two governments, introduced by Jose Maria Benegas after his second visit to Ajuria Enea, will also be in the air, since everyone knows that within a relatively short time there will be a summit meeting between Gonzalez and Garaikoetxea.

The crisis which has come up again inside the PNV is another of the variable which will affect the candidate's speech. He will need to try to calm down feelings among the different sectors of his party.

Month and a Half of Interim Government

Another of the subjects which has been most criticized by political observers has been the long drawn out situation of interim government in which the executive branch is operating; because since February 26, the date on which the autonomous elections were held, a month and a half has passed without a new lehendakari. This peculiar situation, caused to a great extent by legal gaps in the Law of Government and the By-Laws of the Chamber, and because of the excessively long consultation period taken by Garaikoetxea after the elections, has caused potentially important decisions to be postponed. Since February 26, the majority of the topics making up the agendas of the Councils of Government have been matters of a purely administrative nature. Decisions which are of more importance for the new executive branch have been put on the back burner.

As for what is expected to happen at today's meeting, after the reading of his speech by the candidate a representative of each group in parliament will speak for a maximum of 30 minutes. The candidate will be able to reply to the representatives of the groups for another period of up to 30 minutes, and the latter will have the right to reply for a period of 10 minutes. After this the voting will begin. If the absolute majority required by the regulations for election on the first ballot is not obtained by the lehendakari, the meeting will be adjourned until tomorrow--Thursday--when it will be again repeated. This time only a simple majority will be necessary. All this means that by early tomorrow afternoon Garaikoetxea will be the new lehendakari. After that the betting season will open on the composition of the new executive board.

Jauregui not Officially Invited

The Spanish Government's delegate in Gasteiz, Ramon Gauregui, had to take the initiative in announcing that he would attend the ceremony of "appointing the lehendakari", since the Basque parliament as an institution did not send him any kind of invitation. Jauregui will attend, using one of the invitations distributed to the parliamentary group of the PSOE [Spanish Socialist Workers Party]. The Spanish delegate, however, made a telephone call yesterday to the president of the Basque Chamber to tell him of his intention to attend the plenary meeting.

CATALAN VOTING SET IN 1986 ELECTION PERSPECTIVE

Madrid ABC in Spanish 8 Apr 84 p 27

[Article by Luisa Palma: "The Catalan Elections, Key to the Moderate Center Vote in 1986"]

[Excerpt] Madrid--Between now and 1986 many things may happen. But it is obvious that all the parties that are competing in these autonomous elections are aware that their outcome will affect the political strategy to be used in 1986. It will also indicate the panacea longed for especially by the two main national forces: the centrist voters separated since UCD [Democratic Center Union] disappeared.

The batteries of two of the contenders, PSOE and Popular Coalition, are intent on dividing this "cake"; to a lesser extent, so are those of Convergence and Union [CiU] which, because of its position as winning horse a priori and because of the nationalistic character of its electorate, to some extent eludes this crossfire. For CiU (CDC) the contest must be directly with the PSOE, the only party that, because of its alternative position, may give the Honorable Pujol problems. Notwithstanding, CiU is precisely one of the political forces most likely to overcome difficulties and collect part of that almost 17 per-cent of votes with the centrist stamp, even though competing directly this time with the Popular Coalition.

The polls, whose war began long before the pistol shot opening the campaign sounded, and still continues, put the socialists and CiU on a curiously equal footing and left the other competing political forces far behind. In spite of relativity in their identified aims, one can pick out of these elections one significant piece of information: the trouble any one of the parties will have in getting an absolute majority to govern the Generalidad. This compels consideration of possible postelection agreements or pacts. This is why one must take into account the strategy followed by each of the contenders in this electoral campaign.

Nationalist Bastion

If when all is said and done, the autonomous elections in Catalonia are going to have an influence on 1986, there is no doubt that one must put on the table

what the two national forces, PSOE and Popular Coalition, have at stake in the game. The other forces, including CiU, stand within different parameters. The playing field for the socialists and Popular Coalition is a nationalist bastion the way the Basque Country was recently. From the results of the six preceding elections, both autonomous as well as municipal and general, a curious piece of information emerges: the nationalist vote motivates in the autonomous elections above other considerations and it is part of that same vote the one which shifts in general or municipal elections towards forces of national scope.

Faced with the problem of "scraping up" nationalist votes, both by the PSC-PSOE as well as by the Coalition, both place an important part of their potential vote in the large emigrant sector, since there CiU does not have esteem, in view of its Catalanist policy.

Popular Coalition professionals are convinced that the results will bring them third place, with a percentage that may fluctuate between 10 and 12 percent of the vote. Of all the forces it is the one that has least to lose objectively, for the simple reason that in Catalonia, a scant 2 years ago, the Coalition had no presence whatever. The brief history of the Coalition in Catalonia has been unusually stormy, and names have a way of easily appearing and disappearing. For example, the very candidate aspiring to the chair of the Generalidad, Eduardo Bueno, a newcomer to politics, is called inside the Coalition "a man made of solid stuff" but who must continually be educated because "you don't know what he's going to come out with." In any case, the Coalition has achieved, in a field not at all easy for a force with these characteristics, a good establishment of cadres and an acceptable implantation in record time. The time of Miguel Angel Planas, Eudald Trave, Alexandre Pedros and so many others who showed the way is now past.

12448

CSO: 3548/232

PERSPECTIVES ON FRENCH PARTICIPATION IN ATLANTIC ALLIANCE

Background Data, Geostrategic Future

Paris ARMEE ET DEFENSE in French Nov 83 pp 3-7

[Article by General Guy Mery: "Adaptation of the Atlantic Alliance to a New World"]

[Text] In our preceding issue, under the title "France in the Atlantic Alliance," Jacques Leguebe, honorary foreign-affairs adviser, analyzed France's original position within the Alliance and NATO, as well as the geostrategic future of the latter organization, the "secular arm of the Alliance."

After the point of view of a specialist in international relations, we publish that of a military chief who has carried out the highest functions--General Guy Mery. He has kindly permitted us to reproduce here an address that he recently delivered under the auspices of the French Association for the Atlantic Community. General Mery was chief of staff of the armed forces from 1975 to 1980, after being private chief of staff to the president of the republic (1974-1975). This expresses his deep experience in the areas of defense and security--experience to which is added very interesting reflection on the current situation and a valuable perspective.

It has become banal to say that we are living in an uncertain and dangerous world.

What is, in fact, highly characteristic of this new world is that the problems of insecurity with which we find ourselves confronted have an increasingly multiform nature and a more and more worldwide aspect. The factors of insecurity have become extremely numerous, extremely varied: as regards both the phenomenon of nuclear and conventional overarmament, which had never before been known to such a degree simultaneously in all parts of the world, what is called the North-South face-off, or rather, confrontation, the struggles for influence that the most powerful or ideologically most

highly motivated states are waging, and the general economic crisis that we are going through, we are discovering a world in which the threats can rise up at any moment, abruptly, and develop rapidly, without one's even being able sometimes to foresee their nature (and we have had several examples of this in recent years). I do not intend to undertake a detailed analysis of these threats here today, but I believe I can say--doubtless at the risk of being a bit too sketchy--that they lead us to face up to three major categories of danger, of considerably different natures, none of which can be overlooked--though it is not, for all that, easy to establish an absolute and certain degree of priority among them.

First of all, there is the danger of a major conflict in Europe, which would obviously be most serious because it would involve us directly, because it would involve a part of the world that still represents a considerable potential in the economic, technological, cultural and human domains and also because nearly all the existing nuclear means are either stationed in or aimed at this European theater, while two impressive conventional military forces are positioned in it, face to face directly, belonging to sociopolitical systems that are obviously opposed to one another and one of which--I mean the Soviet system, of course--is practicing a general strategy of an offensive character. But while this involves the most serious danger, I nevertheless do not think that the hypothesis of such a danger's materializing can be considered the most probable one, for despite certain imbalances--that do exist--the phenomenon of "nuclear blockage" is continuing to produce its effects: because countries are involved whose governments are highly structured and little inclined to adventurism--no more in the USSR than elsewhere--and because such an adventure would effectively entail considerable risks for anyone daring to attempt it.

It is also necessary to keep the imbalances of force that have been created in this theater from getting worse, for they could still reach a "critical threshold" below which [as published] the danger would again be posed in all its acuity; and it is also necessary for each of the states concerned, on the Western side, to be well aware of the reality of this danger and to make the defense effort appropriate to it.

Next, there is the danger of a certain number of peripheral conflicts, entailing local or regional destabilizations, lasting or temporary, whose conflicts we might suffer indirectly.

I have in mind the Iraq-Iran conflict and the vulnerability of the Persian Gulf; I have in mind the problems of the Middle Eastern countries that border it, Lebanon in particular; I have in mind the destabilizations that could arise in southern Africa in connection with the independence of Namibia or the evolution of countries such as Angola, Mozambique or Zimbabwe; and I have in mind also the upsurge in revolutionary activities taking place in Central America and South America.

All of these regions are important strategic positions on the main routes of communication, and from them comes a certain amount of raw materials and energy products that are indispensable to the industries and even to the life

of all the European countries, including ours. Any disturbance in those regions can thus impair the external and internal balances of the countries of the free world, cause economic and social disorders in them and therefore, in the longer run, have serious repercussions on their security and their defense capacities, not to mention the always possible risk of an extension of certain of these peripheral conflicts, starting from the moment that the two great powers find themselves militarily involved in a direct and simultaneous manner.

Finally, there is the danger of an accentuated "decay" of the will to defense in Europe, through all the neutralist and pacifist tendencies that we are well familiar with--tendencies that could gradually lead certain European countries to a policy of renunciation and abandonment, the tragic consequences of which we have experienced, not so long ago.

Personally, there is the danger to which I would tend to assign priority in the present situation, for it represents the "register" in which, with use of all the favorable opportunities, the overall strategy, of offensive character, that the USSR is carrying out in order to achieve the aim--declared by itself--of making "soviet" communism reign over all the world can be expressed most easily and at the least cost.

Because also, in the face of this danger, the military-defense systems, as elaborate as they may be, can, tragically, prove to be ineffectual.

It is a danger, though, that we should be able to counter, for while it is difficult sometimes to act against the military measures that a potential adversary takes, states worthy of the name should always be able to remain the masters of their own destiny, in the domains of the values and ideas to be promoted or defended, if they have the will and the courage to do so.

The Weaknesses of the Alliance

There have therefore been, since the birth of the Atlantic Alliance after World War II, a number of very remarkable changes in the international context in terms of which it had been conceived as well as in the mentalities or states of mind that had prevailed at its creation, and one therefore may legitimately ask the question whether the Alliance has indeed followed the evolution of that context and that environment and whether it is still, at the present time, correctly adapted to it.

Of course, the very existence of this Alliance has without a doubt preserved us from a number of dangers and continues to exert a considerable weight in international relations, and especially in East-West relations. This alliance, to be sure, continues to group a number of countries that have the same perception of the spiritual, cultural and human values to be defended, that (for the most part) practice forms of government comparable in their democratic principle and that have quite similar concepts of life in society--in sum, countries that have no aggressiveness or any temptation to hegemony.

Nevertheless, it presents a number of points of weakness that it would be dangerous to conceal, that should, on the contrary, be examined with the greatest objectivity and realism, and that, furthermore, preoccupy most of the member states, to judge from the very numerous debates that arise with regard to them.

I will deal with three of these points of weakness that seem the most preoccupying to me and that have to do with the very strategy adopted by the Alliance, the integrated structures responsible for implementing it, and the cohesion of the system as a whole.

It is always difficult to judge ahead of time, in peacetime, the effectiveness of a wartime strategy, inasmuch as that effectiveness will always depend, when the time comes and to a great extent, on the quality of the people responsible for implementing it; I will therefore be quite prudent in that area.

It seems difficult to me, though, not to recognize that the so-called "flexible"-response or "adapted"-response strategy that was entirely justified at the time that it was worked out--i.e., at a time when the United States had an indisputable and undisputed superiority (if only nuclear) over the Soviet Union--is now being more or less deeply challenged, by a new equilibrium that has been created to the detriment of the West, in the European theater in particular. Ambassador de Rose illustrated this situation perfectly in speaking of the "inflexible" response that should be offered to this new relationship of forces. And it is not, it seems to me, the appearance of what is called the "Rogers" doctrine that can be sufficient for changing this state of affairs; what is involved in that doctrine is far more the exploitation, for operational purposes, of the constantly growing effectiveness of modern armaments than a real change in strategy, which should be based on far more fundamental principles.

As for the military organization charged to implement that strategy if the necessity should arise, it must be recognized that it has aged, that it is overweight, that--at certain levels--it is excessively centralized and automated--in short, that perhaps it is not any longer entirely suited to the phenomena of the suddenness of outbreak and the speed of development of the current crises. I have in mind in particular the system of integrated general staffs, very voluminous, which are assigned planning only, without direct authority over the troops under normal circumstances and in which the national military authorities in charge in peacetime would not be the ones in charge in time of crisis--a break in continuity and even a kind of rupture that seems to me entirely subject to criticism.

I add that this Alliance and its military organization, conceived of for coping with direct aggression in the European theater, are by their very nature poorly adapted--not to say entirely unadapted--to the multiform and worldwide character of the threat of indirect aggression and to the peripheral conflicts that can derive from it. I know that some, aware of this danger, urge an extension (mainly southward) of the Alliance's geographic area of responsibility. This, in my judgment, would be a fundamental error,

for such an approach would lead to burdening the system even more, which is entirely incompatible with the nature of the crises to be resolved, as well as to a dispersal of effort that would be prejudicial to the effectiveness required in the European theater, which remains, despite everything, essential.

The last point of weakness: the loosening of the cohesion within the Alliance itself. This is a problem that I doubtlessly would not have mentioned 2 or 3 years ago. There were already several difficulties, to be sure, but they did not yet seem distinct and accentuated enough to be able to be considered capable of doing harm, for example, to the security of the whole European entity.

Things are different today, it seems to me. As regards the deterioration of confidence that can be noted between certain of our European partners (even ourselves in certain areas), as regards the pacifist or even neutralist movements that have developed throughout northern Europe, becoming particularly spectacular in the FRG, as regards the grave unrest caused by the quarrel over the Euromissiles, and as regards the exacerbated rivalry between Greece and Turkey, we are witnessing--I believe it is difficult to deny this--the beginning of a process of breakdown of Western solidarity that appears to me (as I just said, in another form) extremely serious, for it is founded on distrust and especially fear, because it can lead to a demobilization of the will to defense and because in the longer run it can cause, in American public opinion, a lassitude--to call it only that--which the best good will on the part of the leaders will no longer succeed in overcoming and which they should more or less take into account.

You might perhaps be surprised that among these briefly outlined points of weakness, I have not mentioned the withdrawal of France from the integrated military organization, for which, at a certain time, we were very sharply reproached by our partners. I have not done so because things have evolved in that area too and because the judgments that are made about that particular position of France within the Alliance are no longer entirely the same (among our partners, I mean).

One must indeed realize that this particular position on the part of France corresponds to the specific character both of its strategic situation and of its geopolitical situation.

France is the only country in Europe that has a totally autonomous nuclear force, and it seems to me that there is a total incompatibility between possession of a truly autonomous nuclear arsenal and "secondary" membership in an integrated military organization such as I have just described: that is one of the main reasons that led us to quit the integrated military organization in 1966.

In addition--and this is a very important phenomenon that is too often forgotten--France is the only country in Europe that has both truly autonomous nuclear forces and a national sanctuary, which enables it to introduce between the two great powers--who for their part are seeking parity--an

element of uncertainty that extends well beyond its inherent importance and that could perhaps enable it to play a decisive role in a conflict in the European theater.

Finally, France is one of the only countries in Europe--not to say the only one--that still has a number of important overseas interests. By this I mean the existence of our departments and territories situated in the three great oceans of the world, as well as all the close bonds that we have maintained with most of our former colonies in Africa--bonds that have been given concrete form in a whole set of cooperation agreements and even defense agreements. And it is quite certain that this particular situation that we have maintained in the world puts us in a position--even a better one than the other European countries--to involve ourselves in the crises and tensions that rage endemically throughout the entire area of the countries of the Third World, even to attempt to settle them by means of actions of force, limited and narrowly focused, when the circumstances are favorable to such action and as we have seen in Africa on several occasions.

But France nonetheless remains in the Alliance; all the governments that have followed one another in the last 15 years--including the present one--have always proclaimed forcefully--and, I like to believe, sincerely--that, in case of need, we would be faithful and loyal allies. And for that purpose, we have maintained with the integrated military organization very close contacts and bonds intended for preparing for possible action by us, in order for it to be technically possible and operationally effective.

In addition, I believe, for my part--and fortunately I am not the only one--that in the event of major conflict, Europe would constitute just one particular battlefield, that we could not be content simply to "contemplate" the battle while waiting for it to arrive at our borders, and that nothing could happen in our European environment that does not immediately raise the question of our security.

In short, all these elements have the effect of making our policy in this area better and better understood and even better and better accepted; I have had many proofs of this in conversations held with my counterparts when I was exercising my functions as chief of staff of the armed forces.

And I must recall here the Ottawa conference of 1974, during which the allies recognized, at least implicitly, that the specific concept of French defense was, in the last analysis, of such a nature as to strengthen the deterrent phenomenon in Europe and thus contribute to the maintenance of stability in that region.

The Improvements Possible

To get back to the weaknesses, though: it is not enough just to perceive them, it is not enough just to denounce them; one must strive to find the ways and means most appropriate for an attempt to remedy them. It is not at all my intention to offer readymade recipes--anyway, I do not have any--but rather to present a number of elements for reflection, or, more precisely,

to point out the main directions in which, it seems to me, those who are concerned about this problem should orient their thinking; and I do not at all claim to be giving an exhaustive inventory of them.

The first direction is that of the doctrines and the structure. I stated to you earlier that these doctrines and structures no longer seem to me correctly suited to the current international context and environment; it is therefore advisable at least to seek what could be new structures and new doctrines (even if application of them is not immediate).

It is possible to have some very different ideas in this area, on condition that one not get too far away from the realities and not let oneself get bogged down in certain formalisms.

As for the realities, there is, for example, the fact that the theater of operations--or the eventual battlefield, if you prefer--constituted by West Europe is, as regards the present capacities and armament and the power of the potential adversary, of very limited dimensions, and that it is therefore necessary to be able, as the case might require, to make full use of its depth, and in any case to rule out, a priori, the hypothesis--one that I have often denounced myself--of two successive battles in this theater: a hypothesis that could arise from the excessively rigid notion of a "forward battle" based on a defensive formation of very "filiform" character.

Another reality is that there is a very close relationship between this defensive formation and the geographic situation of each of the participants, so as to avoid times needed for positioning, and to create better involvement of each in the common battle by strengthening the feeling that this common battle does indeed contribute to the defense of one's own territory.

Formalism consists--as too often happens--in not getting bogged down in mere semantic problems, such as the one involved in the term "offensive." The Alliance's strategy is defensive, of course, and democracies such as ours could have no attitude other than a defensive one. But to look at things the other way around, "offensive" does not mean "aggression," and a counterstrike could, in certain situations, and for certain parts of the theater, be the best defense strategy; furthermore, a start for this idea, or for this attitude, is contained--and this is its positive contribution--in the Rogers doctrine that I referred to earlier.

Finally, a problem of the first importance arises once one starts speaking of reform or change: that of timeliness, advisability. The response that it is desired to apply in order to be more effective must not place us in a position of excessive imbalance for the time--doubtlessly quite a long one--that implementation of it will require. Now as you know, we are presently in what the specialists--and especially the journalists--call a "window of vulnerability" that will extend at least until around the years 1986-1988. This period is therefore a dangerous one for reforms or changes. But if an opportune situation arises in the near future for applying these changes--in the more favorable environment of a period of greater stability and less tension--it is still necessary to have prepared, at least intellectually,

for these changes, and to have examined thoroughly and calmly all the conditions that they imply and all the consequences that they could have.

The second direction of reflection is that of cooperation in the matter of armaments that is more voluntarist and more healthy.

I am convinced, for my part, that because of the phenomenon of considerable specific inflation of the costs of military materiel, there will come a time --not very far off (some 10 years)--when none of the European countries will be able on its own to cope with the totality of its armament needs. Cooperation is therefore ineluctable; and it must also be productive and fair.

But such has not always been the case so far. We have already, for many years, been making a certain amount of materiel on a cooperative basis; but the benefit from this--more precisely, the reduction of the costs--has never been what one might have counted on, and this has been true because of questions of industrial rivalries or of national sensitivities.

The attitude of the small European countries has also played a big part in this phenomenon, and it is this very reticent attitude, toward German, British or French projects, that has made the independent European group "high-tail it" (the words are not too strong) from the programs that had been set up in Rome.

As for the "two-way street" formula urged by the United States at one time, it has always remained in the proposal stage.

It is therefore necessary for the small European states that do not have a good armaments industry--and consequently will not have one in the foreseeable future--to understand that it is in their interest to cooperate with the closest industrial states. And it is necessary for the United States, for its part, to understand that it is not in its interest to see the existing armaments industries in Europe disappear or weaken. We can never overdo the search for new technologies; each country can contribute its own genius to this search, and in the last analysis, the diversity that exists in the Alliance should be exploited rather than condemned. While "monolithism" has its advantages, it is not necessarily the best formula in the matter of armaments, for any error in initial conception can take on catastrophic dimensions, and I am not sure, for my part, that this "monolithism" does not constitute a certain handicap for the Soviets.

One should not, of course, go to the opposite extreme, and I have always regretted the fact that, despite all the efforts made, the Western side has never, in the European theater, achieved "interoperability" of materiel. In other words, we have not reached the point where, for example, all tanks (even if they are different) fire the same shells and all combat planes are equipped with the same device for dropping bombs or launching missiles. This is an area in which an affirmative and effective "voluntarism" is also necessary.

The third direction for reflection: that of the search for agreements, bilateral or multilateral, for coping with the threats of indirect actions that are arising in various parts of the world.

I said a little earlier that I consider the Alliance poorly adapted, as such, to these threats, and for that reason I have ruled out the possibility of an extension of its geographic area of responsibility.

In a good many cases, though, a single country will find it difficult to act at many points on the globe simultaneously. Underlying this fact is the idea--one which, for that matter, I do not totally rule out--of a sort of implicit sharing of the responsibilities and tasks in function of historic ties, the interests at stake or the mere fact of geographic position. But there is also, above all, the idea of cooperation of circumstance, adapted strictly to the need and capable, by appropriate ways, of being developed with maximum speed--that is, without necessarily having recourse to the big international institutions, whose reactions are always very slow.

Cooperation of this type has already occurred--for execution of the Kolwesi operation, for example. The framework for it has been prepared quite well, as regards naval actions, by a thorough network for exchange of intelligence and by a complete system for periodic exercises which, I believe, is functioning in quite a satisfactory manner. But at the same time I note that in the recent events in Chad, the possibility of such cooperation was deliberately ruled out, and I am not sure that it could be implemented fully if important events were to develop in certain countries of the Persian Gulf.

The essential things seems to me to be--in this area as well as in that of cooperation on armaments--to set aside any spirit of competition or supremacy and to be well aware, as regards us, of the fact that an action decided on and carried out jointly with others does not at all offend against the principle of independence, to which we are rightly attached.

The fourth and last direction for reflection: revival of solidarity and effort within the Alliance. I have already referred to this problem, a little earlier, in speaking of the dangers with which we have to cope. And I referred in particular to the beginning of the process of disaggregation of Western solidarity, which seems to me very serious, for it is founded partly on fear, because it can lead to a real demobilization of the will to defense. But at the same time--apart from the United States, which has taken cognizance of the lags built up vis-a-vis the Soviet Union and is currently making an effort to close them--many European countries have been steadily reducing their defense effort, or at most stabilizing it, while France itself, after a period of considerable growth of its military budget from 1977 to 1981, has in turn gone into a period of cutback that threatens to be extended--no matter what the official declarations--through the new military programming law.

This presents a fundamental problem--one that is extremely disturbing and for which all energies should be mobilized.

Of course, in the period of economic difficulties that we are experiencing, the ambience is not favorable to investments that are not immediately profitable. But our governments should have the conviction that in the matter of the working-out of a defense apparatus, only continuity is profitable; and the USSR gives us a very good example of this. Any relaxation of effort, even if temporary, leads to losses and delays that it is subsequently a very difficult and very long process, even an impossible one, to make up for.

As for solidarity, any idea of falling into line should be ruled out, of course. In the dialogues that should be carried forward both with our European partners and with the United States, the essential thing is not to try to convince one another of the justness or rightness of our respective positions but rather, each in his own way, to make a real and effective contribution to fulfillment of the only common objective recognized by all: the maintenance of stability, peace and liberty.

All this is a matter of /will/, but--and this will be my very brief conclusion--one may ask, to paraphrase the popular saying on common sense, whether will is on its way or not and even whether it has not already become the least well-shared thing in the present-day world. In any case, I regret, for my part, the fact that when it is manifested by one of the partners, it does not immediately elicit the adherence of the others.

Weaknesses, Possible Improvements

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[Article by Jacques Leguebe: "France in the Atlantic Alliance"]

[Text] The author--a foreign-affairs adviser (ER [expansion unknown]) and, in that area, a specialist in international relations--presents here the current situation of the Alliance and France's relations with its allies. In June, Mr Mitterrand reaffirmed the obligations of France within the framework of the Alliance: he received, at the Elysee, the 16 foreign-affairs ministers of the Atlantic Council, which had not happened since 1966.

As the time--1966--of General de Gaulle's decision to leave the integrated military organization grows more remote, an increasing number of French people think that France "is not in NATO." They infer that while, as is known, France is "faithful to the Alliance," it is not a full-fledged member of it. This is a serious error of interpretation.

In reality, France has never left the Alliance for an instant. A symbol of this truth is that the French flag waves over the headquarters of NATO in Brussels, and not in Mons, at SHAPE (Supreme Headquarters Allied Powers Europe). On the contrary, any impartial observer grants that our country has, since the beginning and without any break, behaved as an active and determined member of the Alliance. In 1969, with completion of the 20-year period provided for by the treaty, France could have let Article 13, which gives

any member of the Alliance the right to leave it, take effect automatically. It has done nothing of the sort, and what is more, France has not left NATO --the secular arm of the Alliance--either. The most it has done is to withdraw from the military integration, while at the same time maintaining active liaison with the integrated organs.

Nothing is simple. Analysis of the original position of France--as a major member of the Alliance, a European military power of the first rank, possessing a nuclear strike force whose potential represents, by itself, about one-third of what the theoreticians of deterrence consider to be the "threshold of credibility and therefore of interallied deterrence vis-a-vis the forces of the Warsaw Pact"--poses a delicate problem but one that is of the highest interest and the greatest current relevance.

This position comprises a number of constants that have "endured" since the signing of the treaty. A number of particularities have arisen since France modified its relations with the integrated military organs. They should be understood. Furthermore, the evolutions of life--on the political level as well as the military one--must be taken into consideration. Through these three perspectives, a picture appears that is very different from the false idea that too many people have of the relations of France with its allies within the Treaty of Washington.

The Terms of the Treaty

In his book "NATO, the First 5 Years," Lord Ismay, NATO's first secretary general, was already able to assert that the North Atlantic Treaty had become the framework for the common defense of more than 380 million people living on either side of the Atlantic. That was in 1954. Today that community has nearly 580 million inhabitants, and the organization can pride itself on having ensured its defense since 1949.

It was in 1949, on 4 April, that the North Atlantic Treaty was signed. That treaty was immediately placed within the framework of Article 51 of the United Nations Charter, being based on the natural rights of legitimate defense, individual and collective, of the member countries. In addition, it considered and defined the importance of cooperation among those countries in other areas.

Article 5 constitutes its base: "The parties agree that an armed attack against one or more of them, occurring in Europe or in North America, shall be considered as an attack against all the parties, and consequently they consider that if such an attack should occur, each of them, in exercise of the right of legitimate defense, individual or collective, recognized by Article 51 of the United Nations Charter, shall assist the party or parties thus attacked by immediately taking, individually and in agreement with the other parties, such action as it shall judge necessary, including the use of armed force, to reestablish and ensure security in the region of the North Atlantic.

"Any armed attack of this nature and any measure taken in consequence shall immediately be brought before the Security Council. Such measures shall come to an end when the Security Council has taken the necessary measures for reestablishing and maintaining international peace and security."

The reason why we have quoted this Article 5 at length is that it occasions several remarks that are preliminary to any study of NATO--remarks that will be the subject of further development:

The treaty leaves no doubt about the assistance due from one of its signatories to any one or all of the other signatories; nevertheless--and this is in accord with the other stipulations of the treaty--it leaves the right of each of the parties to act within the framework of its own institutions and international obligations that are not contradictory to the spirit of the treaty;

One cannot keep from finding some humor in the reference to action by the Security Council as regards the working of the military clauses, in view of the fact that the very reasons for the signing of the treaty lie in the aggressive attitude adopted after 1945, and especially in 1948, by the Soviet Union, which, as a permanent member of the Security Council, has the right of veto within it--the same Soviet Union which, during the prenegotiations that were to lead to the North Atlantic Treaty, had established a military pact, called the "Warsaw Pact," and had already demonstrated by various actions, such as the Berlin blockade and its support for the communist state of Prague, that it did indeed intend to make use of that pact in conditions which, to say the least, were contrary to the spirit of the United Nations Charter;

The events that have occurred in the world since the signing of the North Atlantic Treaty demonstrate clearly that its parties, individually and collectively, are exposed, with the increase and extension of Soviet power, to being the object of actions which, just as much as any direct "attack" in the geopolitical region defined by the treaty, would place the security of one of the parties--or more probably, the parties as a whole--under the same obligation to have recourse to measures of defense, including the use of armed force. The present limits of competence of the North Atlantic Treaty are the North Cape and the Tropic of Cancer, in the Atlantic Ocean only. In the total illumination of the new situation created by the Soviet expansion and the risks of conflict that it entails, it is obvious that these limits of competence should be considered from many new points of view. We shall come back to them.

The 1966 Withdrawal

The French government has never called the spirit of the treaty--and its Article 5 in particular--into question. Certain considerations were nevertheless to lead it to redefine its position within the Alliance. Among others was the preponderance acquired by the United States in the implementation responsibilities, by the fact of its strategic nuclear power and its stand against the proposal made by General de Gaulle in 1958 to set up a

tripartite Franco-Anglo-American organization assigned to "make concerted decisions on the political questions affecting the security of the world and to implement the strategic plans of action, particularly with regard to matters relating to the use of nuclear weapons." As of that moment, France had, in fact, taken its place among the powers possessing a nuclear arsenal.

Furthermore, the granting of independence to all of the territories that had constituted the French colonial empire and the fact that Algeria no longer formed part of French territory brought a restriction of the obligations taken on in the spirit of Article 5. France, considered separately, could thenceforth find itself drawn into conflicts in which the new situation would no longer oblige it to take part within the framework of the treaty. In the mind of the French government, France, after having strived for an amendment of NATO's operating rules, had lost all hope of seeing that done, was to form its own policy within the spirit of the treaty. That decision was the outcome of an evolution that had begun in the years 1958-1959, when the chief of state had refused to join the NATO integrated air defense and in 1959 announced the withdrawal of the French Mediterranean fleet from the integrated allied fleet. In 1964, France withdrew its officers from the interallied naval general staffs; it rejected the installation of launching ramps and atomic stockpiles on its territory, at the same time that it declared its hostility to the proposed multilateral deterrent force.

Finally, in February-March 1966 came the announcement of the official withdrawal from the military organization. On 7 March 1966, President Johnson was officially advised of the French intention to "cease its participation in the integrated commands" and no longer to make its forces available to NATO. Similar messages were addressed to London, Bonn and Rome.

These decisions entailed the transfer out of French territory of the two integrated commands which the French ground and air forces came under (SHAPE).

In an aide-memoire to the 14 representatives of the member countries of the Alliance, the French government fixed a period of 1 year for preparation and execution of the measures necessary in order for the entire transfer operation to be completed by 1 April 1967.

At the same time, France renounced the bilateral agreements offering facilities (depots, airfields, oil pipelines) to the American and Canadian troops. It declared itself prepared, if the FRG should so desire, to keep French troops in the FRG within a bilateral framework--i.e., those troops would in all circumstances come solely under the decisions of the French command.

Finally, whereas overflying of French territory by allied airplanes had previously been subject to annual authorizations, such authorizations would thenceforth be on a month-to-month basis.

France now belongs no longer to the integrated forces of NATO. It nonetheless does remain a member of the Atlantic Alliance.

The Alliance since 1966

The North Atlantic Council, established by Article 9 of the treaty, is its principal organ: "Its fundamental task is to aid the member countries in implementation of the treaty, and in particular, to achieve the fundamental object of this treaty, which is the maintenance of international peace and security."

Each of the countries that make up NATO has the same right to express its opinions to the Council. Its decisions are arrived at by common agreement: there are no votes on decisions, and none is taken by a majority. "Once adopted, these decisions are binding, and only the Council can decide otherwise."

Each country, including France, obviously, has on the Council a permanent representative who has the rank of ambassador and is assisted by a national delegation. Indeed, the fact should be stressed that the North Atlantic Council is not a supranational organization. Its president is, at the same time, its secretary general. Within the framework of the Council, each representative acts in accordance with the instructions from his government.

The Council meets, in general, every Wednesday, but more frequently in practice, and in any case, whenever an international event so requires. It has to be able to meet on 2 hours' notice, at the level either of the permanent representatives (the ambassadors) or of their alternates. In all cases, its members act with the full powers of an ambassador: i.e., they are not only the representatives of their countries on the Council but also the representatives of the Council to their own governments, considered as their ministerial wholes. In addition, the Council must meet twice a year at the level of the foreign-affairs ministers of the member countries, sometimes assisted by the ministers of defense and finance. This meeting takes place once a year in Brussels, and the other time, in the capital of one of the member countries. On five occasions--in 1957, 1974, 1975, 1977 and 1978--it has been held at the level of the chiefs of state or heads of government. The first item on the agenda of nearly all the meetings of the Council involves "statements on the political problems." Since it is a rule--with a view to safeguarding the egalitarian character of the members' statements--not to keep a written account, the representatives have all latitude for discussing, with other Council members of their choice, problems that do not have a general binding character. This way of doing things makes it possible, during the discussions, to have "an entirely informal and confidential atmosphere."

Each year, the minister of foreign affairs of a member country can be the honorary president of the Council. This designation is made in the English-language alphabetical order of the countries.

The Council proper and the General Secretariat have a number of committees and "conferences" responsible for study of particular points for presentation to the Council. On the organization's organizational chart, these committees or conferences are distributed in two sectors, one called the "civilian structure" and the other the "military structure" of NATO.

The Military Structures

France, having always had the same concept of a common defense as it had in 1949, is not totally absent from the military structure of the North Atlantic Treaty Organization.

Article 13 of the treaty gave it the possibility of withdrawing from the Alliance 20 years after the signing of the treaty--i.e., in 1969. Now General de Gaulle wrote to the president of the United States in 1966 that "France currently envisions remaining, when the time comes, a party to the treaty signed in Washington." It was to be, in 1969 and later, "as resolved as it is today to fight alongside the allies in the event that one of them should be the object of an aggression that has not been provoked." The French government's position has not varied since that time. It will be noted that in writing "fighting," General de Gaulle was being--purposely, it cannot be doubted--more precise than Article 5 of the treaty is.

Obviously, the decisions arrived at in 1966 have had concrete consequences as regards the place occupied by France in the military structures of the Alliance.

The central military organism of NATO is the Defense Plans Committee (DPC), created in 1963; France no longer takes part in it. Nor does it any longer take part in the Nuclear Planning Committee, which had been codified in the spirit of a strategy of graduated nuclear defense under the influence of Mr McNamara.

Nor does France take part any longer in examination of the plans of forces assigned to the Alliance, or in the headquarters' military budget, or in the Alliance's infrastructure budget. On the other hand, France is not entirely absent in the functioning of the nonoperational military organisms: the work of the CNLD (Conference of National Directors of Armaments), in which NATO's armaments projects are born; certain infrastructure work and projects, notably the NADGE (NATO Air Defense Ground Environment) system, designed to improve the electronics infrastructure of the air defense of continental Europe; as well as in certain specialized agencies. France takes part in maneuvers within the bilateral framework, only with the countries of NATO and always within a limited framework.

Finally, it maintains military missions with the major commands and with the Military Committee. We note that this Military Committee--a sort of international general staff--plays the role of collective military adviser to the North Atlantic Council. The four commands--the one for the Atlantic (called SACLANT), the one for Europe (called SACEUR), the one for the Channel (called CINCHAN), plus one regional planning group which involves only the United States and Canada--do not come directly under it, and its recommendations must be arrived at unanimously. For preparing for its work, the Military Committee has at its disposal an integrated general staff, in which France does not take part. Nevertheless, the French military mission to NATO maintains regular relations with that general staff.

The Civilian Bodies

Apart from what comes under the heading of "integrated" military affairs, the role of the French representation is a full-fledged one in most of the committees that come under the North Atlantic Council. A listing of them gives an adequate and sufficient idea of the various aspects of this role. So it is with various political committees (of high ordinary level [as published]) that have the assignment of studying problems of general interest or general problems [as published] and proposing solutions for them; an economic committee, which, especially in the current conditions of the world economy, finds itself dealing with problems that concern various ministerial departments of all the member countries and of each of them; a committee for examination of defense; a "Conference of National Directors of Armaments," whose role is particularly important in the Western camp, which does not enjoy the indisputable superiority which the standardization of the Soviet model ensures to the Eastern camp; a "Conference of the High Officials for NATO Logistics (SNLC [expansion unknown])"--the importance of this organism has been increased by the very fact that France, in taking on exclusive responsibility for its military forces, seemed in a way to open up, in 1966, a breach in the Alliance's logistic apparatus; a "Security Committee"; a "High Committee for Telecommunications and Electronics," with regard to which we can make the same remark as the one concerning logistics; and the same for the "Infrastructure Committee."

France has had, and it continues to have, an important role in the work of the "Scientific Committee." Likewise in the work of the "Committee on the Challenges of Modern Society" (CDSM), of which it is not useless to attempt an enumeration, and one that also is not exhaustive.

At the beginning of 1981, the CDSM had worked on 33 pilot studies. Of these pilot studies, 17 were completed: modern techniques of medical care; modern techniques of wastewater treatment; atmospheric pollution; automotive propulsion; pollution of coastal waters and discharge of hydrocarbons into the oceans; assistance in the event of national disasters; treatment of hazardous wastes; the environment and territorial development; geothermal energy; pollution of inland waters; nutrition and health; conservation of energy; highway safety; solar energy; urban transportation, methods and evaluation of models of atmospheric pollution; desulfurization of smoke gases. We note, in this context, the eminent place held by the subjects relating to the energy crisis. The same holds true for the 16 studies in progress, which deal with the following matters: treatment of hazardous wastes; drinking water; hydrologic forecasts as applied to management of water resources; improvement of emergency medical services; recovery of plastic wastes; cooperation for combating marine pollution; transportation and urban renewal; rural transportation; forecasting and preventing damage caused by earthquakes; improvement of estuaries; effects of human activity on the stratosphere; conservation and restoration of monuments; methodology and establishment of models of impact in the area of atmospheric pollution; regulation of the production and utilization of phenomena [as published]; integrated combat against scourges; treatment and elimination of sediments in municipal purification systems.

It is obvious that the French delegation, in relation with the various ministries concerned, is playing and will continue to play a considerable role in most of these studies. It is not possible, within the framework of this article, to cite all of the French participation, most of it having been the object of close cooperation with certain of the other member countries. We limit ourselves to citing a few examples: modern techniques of wastewater treatment (with the FRG, Canada, the United States, and Great Britain playing the pilot role); atmospheric pollution--with the United States as the pilot country, and then participation by France, in cooperation with the FRG, Turkey, Italy, Norway and The Netherlands; pollution of coastal waters (Belgium the pilot country from 1970, then Canada, France and Portugal); as regards treatment of hazardous wastes, France has taken on the chromium cycle. With Great Britain, France is playing a pilot role in study of the environment and territorial development, etc. Concurrently with the United States and Denmark, France has tackled the problems of solar energy. It has a considerable role in study of the improvement of emergency medical services. France has taken the lead in remote detection in the fight against marine pollution.

The International Secretariat

The International Secretariat is an organization that on certain levels is parallel to that of the Council's committees. We mention, though, that since the secretary general is at the same time the president of the "Permanent Defense Council," which deals with the questions of defense and consequently, at the top of the list, the military questions of the "member countries participating in the integrated defense structure of NATO," France maintains only an information mission in it. Traditionally, though, the French hold a number of important posts in certain divisions or directorates. The Office of the Secretary General comprises a Legal Adviser's Office, a Security Office and an Executive Secretariat with highly diversified ramifications. In addition to an Office of General Administration, Management and Personnel and a Financial Controller's Office, the Executive Secretariat has five organisms: a Political Division, comprising a number of specialized offices--political affairs, economics, information and press; a Defense Plans and Policy Division, subdivided under the headings of "forces plans," "nuclear planning" and "civilian emergency plans"; a Defense Support Division, whose subdivisions have the following concerns--Defense Research and Armaments, Plans and Support, Command, Control and Telecommunications, Air-Defense System; a Division of Infrastructure, Logistics and Council Operations, articulated in infrastructure, logistics, and Council operations; and finally a Division of Scientific Affairs, subdivided into scientific-program operations, scientific-program development and challenges of modern society. Only a French "information mission" is present in the work of these divisions, whose work is properly and solely military, from an "integrated"--defense point of view.

NATO's Geostrategic Future

The zone covered by the North Atlantic Treaty goes from the North Cape to the Tropic of Cancer, and comprises the territories of the United States, Canada and the countries of West Europe that are members of the organization.

Up to about the end of the 1960's, this definition did correspond to the world geopolitical and strategic situation. The Soviet expansion in many regions of the world--especially in the Far East, in Africa, and, in the last few years, in the Caribbean region and at various points in Latin America--has brought the possibility of the emergence, nearly everywhere over the oceans and in several continental regions, of situations such that all or a part of the organizations making up NATO would find themselves involved far beyond the region that was defined at the time of the creation of the Alliance.

Each member country of NATO that has inherited responsibilities created in the colonial era could at any time find itself forced into political or even military activities in regions that lie entirely outside the perimeter defined by the treaty. The examples are numerous. In the most recent case, that of the Falklands, the conflict between Great Britain and the Argentine Republic did not entail any direct involvement of NATO and concerned only one of its member countries. Things would be different in the event that Soviet expansion were to bring direct threats of intervention or conflicts south of the Tropic of Cancer--i.e., in a region in which France and--under different conditions--Great Britain and The Netherlands still have responsibilities of either a national or international character.

Finally, there is a problem that is sometimes neglected but on which the very existence of NATO hangs, and the major elements of this problem are situated entirely outside the strategic zone covered directly by the treaty and its organisms. It is the problem of the supply of energy and industrial raw materials indispensable to the life of the members of the Atlantic Organization, and it has to do with the situation in the Middle East and geo-strategic problems in the Indian Ocean, at the tip of southern Africa and in that sort of bottleneck that the outcroppings of the African and South American continents form in the Atlantic south of the Tropic of Cancer.

At least three powers are directly involved in defense of the route from the Persian Gulf to the NATO zone: the United States, Great Britain and France. Each of these three powers keeps bases and naval forces on that route. The problems that are posed in the zone defined by the treaty are therefore posed in just as acute a manner in the Indian Ocean and in the North Atlantic. The solutions that could be provided for them depend directly on the position occupied by these three powers on the African continent as a whole. France has a privileged situation in this regard, by virtue of its African policy.

In 1967, the 15 member countries of NATO divided among themselves the tasks of a program set up by the foreign-affairs minister of Belgium--a program called the "Harmel Exercise." Among the points studied in the course of that exercise were these problems. The final report defined them as follows:

"15--The zone of the North Atlantic Treaty cannot be considered in isolation from the rest of the world. The crises and conflicts that arise outside that zone can compromise its security, either directly or by affecting the global equilibrium."

Now the spirit of the North Atlantic Treaty has not changed since the Alliance was created with the signing of it. In 1974, the Council, meeting in Ottawa, confirmed it in these terms: "The members of the Alliance reaffirm that their common defense is interdependent and indivisible...to forestall any attempt by a foreign power against the independence or integrity of a country of the Alliance. Such an attempt would not only endanger the security of all the members of the Alliance; it would also threaten the foundations of world peace."

But these declarations took into account the fact that "the strategic relations between the United States and the Soviet Union have reached a situation of near-equilibrium.... Because of this fact, the problems that the defense of Europe poses to the Alliance have taken on a different and more specific character.... The contribution to the security of the entire Alliance that is made by the nuclear forces of the United States, based both in the United States and Europe, as well as the presence of the North American forces in Europe, remains indispensable."

Since that time, on these basic principles, the situation has evolved further, this time in the direction of an upsetting of the balance in the nuclear field to the advantage of the USSR. In 1979, the foreign-affairs and defense ministers published a communique at the conclusion of a meeting held in Brussels in December. This communique dealt with "modernization of the long-range theater nuclear forces and limitation of armaments in that field."

It is to be noted that France considered it proper to abstain from participation in that summit meeting of the ministers. This confirmed its determination to remain solely responsible for its decisions in the matter of use of its defense forces, both in the nuclear field (since it had set up its own "strike force") and in the field of conventional armaments, while at the same time remaining faithful to its commitments to the other members of the Alliance, as they are defined by Article 5 of the Treaty.

Since that time, the French attitude does not seem to have varied. The French government is not backing away from the obligations resulting from the Treaty. But it takes part in the negotiations to which the Alliance as such is a party only to the extent to which obligations that it takes on from the point of view of its own and exclusive interests, as they are defined in Article 7 of the Treaty--"rights and obligations deriving from the Charter for the parties that are members of the United Nations"--are not adversely affected.

Editor's Note: NATO, the North Atlantic Treaty Organization, comprises several distinct organisms:

a) the North Atlantic Council, composed of the heads of state or of government of the 16 countries of the Alliance or of their representatives. France belongs to it. During the periods between meetings, the Council, presided over by the secretary general of NATO, is

constituted by the delegates of the states; France is represented by an ambassador;

b) among other committees, a Military Committee, whose responsibility is to implement the plans in the military area. France is not represented on the Military Committee; it maintains a military liaison mission with it.

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NORWEGIAN, SWEDISH EXPERTS HOLD FIRST ARMS COOPERATION TALKS

Oslo AFTENPOSTEN in Norwegian 7 Apr 84 p 19

[Article by Liv Hegna: "Norway Desires Greater Equality in Defense Trade"]

[Text] The first meeting about cooperation between Norway and Sweden in the Defense sector has been held. Top leaders from the two countries met in Oslo yesterday to discuss practical implementation of the agreement entered into by Premiers Kare Willoch and Olof Palme. "There is need for greater balance in purchase and sales accounts between the two countries. Norway purchases almost twice as much from Sweden as we sell, at the ratio of ten to six," says Division Chief Jens Chr. Width, of the Kongsberg Weapons Plant.

Director Bo Sodersten of AB Hagglund & Sons (supplier of caterpillar vehicles to Norwegian defense) says to AFTENPOSTEN that the key to better balance in purchases and sales between the two countries in this industrial sector is bringing civilian production into the picture. Section Chief Bernard Eggesbo of the Norwegian ministry of defense stresses that concretely this will be a matter of high technology products connected with defense materiel, and that an assessment must be made in each case so that the trade will not be in violation of the GATT [General Agreement on Tariffs and Trade] agreement.

Division Chief Width points out to AFTENPOSTEN that a division of work can be developed by adherence to the agreement.

As concerns defense materiel there are basic differences between Norwegian and Swedish industry. The Swedes are on the whole self-sufficient, while we have built up Norwegian industry around specific needs.

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DEFENSE COMMAND WOULD ALLOW WOMEN IN COMBAT

Oslo AFTENPOSTEN in Norwegian 11 Apr 84 p 56

[Article by Liv Hegna: "Women Accepted in Combat"]

[Text] Experience with women in Navy vessels is mostly very good. This is mentioned as an example in the defense command's note to the Ministry of Defense on full professional equality in the defense forces. The defense command stresses that in principle it sees no obstacles to using women in combat positions, but that the experience basis is slim as concerns psychological and psycho-social conditions in combat. Lieutenant General Rolv Elos, chief of staff of the Defense Supreme Command, signed the letter to the Ministry of Defense.

Elos writes that considerable demands upon both physical and psychological strength are required by both officers and personnel. In the opinion of the defense command there are no anatomic or physiological reasons for using gender as an argument in selection or admittance to military tasks. "Selection of women must therefore, as is the case with men, be based on categorical regulations concerning minimum physical requirements," states the letter.

In addition, the chief of staff asserts that defense has not yet reviewed the consequences of birth and pregnancy leaves for women. "Separate rules for reassignments during pregnancy must be established and authority for engagement of substitutes in cases when leave regulations involve problems with completion of service. In general, however, the defense command assumes that womens' special life situations will be no obstacle to professional equality."

The letter also states that arrangements for children after initiation and mobilization must be evaluated by the Ministry of Social Affairs and municipalities. Defense rejects the idea that this question can be resolved as part of professional equality.

According to the letter to the ministry, the view of the defense chief is that the service of women in the military shall be under the same conditions as for the same category of men as concerns training and mobilization exercises and for reporting for duty in mobilization and in war. The only exceptions to this acceptable to the defense chief are the ones that are a direct

consequence of the special life situations of women. The letter mentions women who are pregnant or nursing, and that, in addition to legally established leave during pregnancy and giving birth, only medical reasons will justify lawful absence from service, as is the case for men.

The letter states, however, that women responsible for minor children should be able to apply for leave or postponement of active service. The letter says nothing further on the question in connection with war. However, as far as AFTENPOSTEN knows, nothing has been done to investigate the question of care of minor children when the mother takes the field in the event of war, as the defense command has stipulated.

The defense command concludes by stating that women shall be appointable to any military position. It is pointed out that up until the end of the 1980s there will be an uncovered need in which women could be used, provided defense regulations are not altered. For the rest, it is stressed professional equality must be introduced gradually, but that clear goals must be formulated.

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BUNDESWEHR MANPOWER PROBLEMS SEEN AS CRITICAL IN 1990'S

Budget Constraints Hamper Planning

Munich SUEDEDEUTSCHE ZEITUNG in German 3 Apr 84 p 4

[Article by Alexander Szandar]

[Text] Bonn, 2 Apr--There are already enough pitfalls on the Hardthoehe in Bonn. Manfred Woerner, minister on probation since 1 February, knows that the slightest slip might cost him his office. The command team that the ministry now possesses--after one-quarter of the legislative period has passed--offers no guarantee that the obstacles will be cleared out of the way in time: a parliamentary undersecretary who is disliked among the troops; two new, inexperienced undersecretaries for the difficult areas of expertise armaments and budget and personnel (including MAD, the military counterintelligence service); a third undersecretary who floats over the fields of international relations and public works--and finally Woerner himself, beaten down, hesitant, powerless. A tangle of problems lies before this team, which the minister of defense--even if he still possessed the inner strength--does not have the means to resolve. This would require many people and a great deal of money.

For the time being the decline in births is unalterable. Woerner could possibly hope for an improvement in finances. He himself faces a difficult task in asking for more money, for the chancellor, on whose good graces he is now dependent, has given him the preliminary task of planning with a "zero growth" budget. This may explain why inspector general Wolfgang Altenburg, strengthened even more as a result of Woerner's weakness, assumed the part of depicting Woerner's problems to the chancellor, the committee on defense and--of particular significance--the minister of finance, and of sketching out ways of solving them.

The premises from which Altenburg, as supreme military advisor and chief planner for the department, has to start are as unfavorable as can be imagined, being basically mutually exclusive: on the one hand zero growth in the budget, on the other a range of high-cost demands, whether they come from NATO, CDU members of the Bundestag or members of the government.

The political priorities are clear: no change in the basic structure of the Bundeswehr, no substantial losses in personnel and materiel (but rather an

improvement in quality in both), an increase in conventional forces to raise the "nuclear threshold," although the rise in prices for armaments is more rapid than in other areas.

Altenburg cannot resolve the contradictions--which are political in origin--but only offer sensible designs which will temporarily help to solve some of the difficulties--which does nothing to alter the fact that these ad hoc plans also require a substantial rise in defense expenditures and demand additional hard decisions. These must then be justified, not by the Bundeswehr and the inspector general, but by the hesitant Woerner--and ultimately Kohl.

In order to be able at least to maintain the size of the Bundeswehr in a state of defense at 1.25 million soldiers plus 85,000 reservists, promised to the United States as support forces for their own reserve divisions, the Bundeswehr in peacetime needs at least 450,000 men, according to Altenburg's calculation.

The personnel problem could be solved by drastically lengthening basic military service to 2 years. The "political restraint barrier" is 18 instead of today's 15 months; so this only "brings" the Bundeswehr 31,000 of the more than 100,000 soldiers that it will need in the 1990's. According to Altenburg's provisional calculation, it can gain 5,000 soldiers by a reduction in exemptions from military service (eligibility criteria and inducting older men and married men liable for service--which necessitates additional expenditures for "dependents' subsistence" for the families of the latter). Instead of 6,000 today, 15,000 slots for reserve military trainees are to be created, which (because of dependents' subsistence and wear and tear on materiel) will again cost more than before and will also pose even greater problems for the field forces, which are suffering now from a shortage of instructors.

The number of "long-term" soldiers, the lifers and professional soldiers, is to rise by 10,000--for which the number of forecast personnel slots, which is currently falling short by 15,000 (because of a lack of budget funds), is to serve as a basis for allocation. If the intention is simultaneously to lengthen the period of enlistment for long-term soldiers, attractive salaries and substantial enlistment bonuses will have to be paid in the competition which must be anticipated with the free economy for "workers." Without a fat increase in the personnel budget this will not be accomplished, any more than the planned induction--following long discussions--of at least 10,000 (volunteer) women.

All these "countermeasures" will have to take effect progressively after 1988, when the "demand curve" will climb to intersect the "potential curve" for the first time. The difficult decisions on the course to follow, however, are due this year. This also holds true for the resolutions to disband a number of Bundeswehr units or to staff them more heavily, because failing this they will not survive.

Arms are becoming even more expensive. It is laudable that Altenburg sees the priorities to lie with antiaircraft defense and fighting tanks from the air and appears to be on the point of renouncing the concept that "tanks are the best defense against tanks." This will not make the next "all-round renewal" for the Bundeswehr any less expensive. It is Woerner's business to explain this to the citizens, the chancellor and the minister of finance, not that of the inspector general. Unlike Woerner, Kohl and Genscher, he would not have the opportunity to change anything in the "political premises."

Woerner's Proposals Received Coolly

Hamburg DER SPIEGEL in German 23 Apr 84 pp 22-24

[Text] Hans-Dietrich Genscher had a request: the minister of defense should clarify for him the plans of the Bundeswehr in the years ahead concerning personnel and finances.

In the meantime the minister for foreign affairs has had his private lecture. At the beginning of the month, at a breakfast in the minister's room in the Foreign Ministry, Manfred Woerner explained to his colleague that the authorized strength of the West German defense force of 495,000 now could not be maintained any longer.

Because the low-birthrate years would be reaching the age of compulsory military service after 1987, the Bundeswehr would number only 300,000 men at the beginning of the 1990's--unless the government took drastic measures immediately. Extending military service and women volunteers serving in the armed forces would have to be talked about openly.

Woerner's list of proposals, reinforced by inspector general Wolfgang Altenburg with statistics and tables, was even longer.

In order to maintain an army of 500,000 soldiers, the eligibility guidelines for the Bundeswehr are to be tightened soon. Young people who were previously exempt from military service because of illness or minor ailments--currently 22 percent of a single year's draft--will have to join up in future.

The "final levy," to use the derisive term on the Hardthoehe, will be excused from rigorous field training and employed in orderly and hospital rooms and as drivers and radio operators. Genscher agreed: "Not everyone has to meet the requirements for a Ranger."

Other suggestions from the minister's list also met with Genscher's approval: Woerner would like to induct more men liable for service who are married or older but who have not yet been drafted. Volunteers are to be motivated to sign up for long terms with bonuses, severance pay and assistance to make the transition, professional soldiers will be better paid.

Genscher is unwilling to accept the objection of the minister of finance that reforms of this kind would cost DM 1.5 billion: "Security costs money."

On the other hand, the minister for foreign affairs is reluctant to agree to those measures which commander in chief Woerner regards as unavoidable: he wants to fill 15,000 positions with women. Extending military service from 15 to 18 months, the experts calculate, should bring 42,000 men.

Woerner, of course, knows that he is "buying himself a lot of trouble" with these proposals. With the backing of the chancellor, he wants to introduce drafts for the appropriate bills in the Bundestag in this legislative session, that is, before 1987. His motto is: "We have to pass them."

The chancellor sees things the same way. In mid-February he prophesied to the Bundeswehr generals in Travemuende, "We will have to prepare ourselves for a domestic political discussion of these questions." The time was overdue to "speak openly with the people" about them.

Coalition partner Genscher, however, is making reserved statements. Following the discussion with Woerner he can certainly see that without volunteer women soldiers and without longer military service the size of the Bundeswehr will shrink. But he recoils from legislative initiatives: "A few things will have to be sounded out first."

Foreign affairs politician Genscher would like to retain unconditionally a Bundeswehr strength of 495,000 men. But FDP leader Genscher fears great domestic political difficulties.

On the one hand he argued in front of party friends: "We cannot constantly talk about the necessity of improving our conventional forces in order to reduce our dependence on nuclear weapons, and in the same breath reduce the Bundeswehr's troop strength."

Reducing the size of the army, Genscher feels, would also make the West's position worse in the Vienna negotiations on balanced troop reductions in the West and the East (MBFR). The Russians would not need to make any more compromises, but would simply have to wait.

On the other hand, Genscher sees more clearly than Kohl and Woerner that, following the debate they had just suffered through on arms buildup, a fight about women in uniform and longer military service would reduce the government parties' chances in the election.

The peace movement, which got a little out of step following the deployment of the first U.S. nuclear missiles, would have a new topic. Young women comrades, feminists and Greens reject the idea that women should play the part of "stop-gap" again. SPD delegate Heide Simonis said: "This follows the motto of, if you don't give birth to the sons, then you will kindly appear yourselves."

But the resistance to women in uniform is not limited to the left wing, it extends far into the conservative camp. Older CDU women are bothered mainly by the memory of World War II, of women helping in intelligence and on anti-aircraft guns, and of the talk of soldier women. CSU Bundestag delegate Ursula Krone-Appuhn, who wants to have women trained on rifles and guns, is an outsider even among conservative Christian Democratic women.

The minister of defense would like to reserve 15,000 places in the years ahead for volunteer women. They are to have attractive uniforms and serve, not in the combat forces, but in supplies, in staff headquarters, in communications, with the electronics engineers and in maintenance units.

Woerner believes that even in a modern war scenario, in which no clear front lines exist any more, a distinction can be drawn between combat and support activity. Not even all his generals share this opinion. The United States, according to his opponents' argument, are reducing the proportion of women in the army.

The protest against extending compulsory military service will be even more vehement than the argument about the irritating topic of women in uniform. As Woerner knows, the Bundeswehr is holding the worst possible cards. Even today, with only 15 months military service, the soldiers complain about mindless boredom.

Almost 20 percent of those liable for military service, according to a study conducted by the Battelle Institute in Frankfurt, which the Ministry of Defense is keeping under lock and key, see "no meaning" in their service. And 40 percent are of the opinion that the 15 months with the Bundeswehr were "by and large lost time." Every third soldier feels he is treated "like an irresponsible child." Half of them said their military service was "pure occupational therapy."

The fact that Genscher is holding back with his agreement to an extension of military service has less to do with any concern for the young soldiers. He is afraid of losing more voters.

At the last elections for the Bundestag and the Landtag, even more first-time and young voters turned away from the CDU/CSU, the SPD and the FDP. They went over to the Greens in droves: as many as 17 percent of those between 18 and 25 years of age voted for the Alternatives, who stand for unilateral disarmament and the unrestricted right to conscientious objection.

Extending compulsory military service to 18 months would certainly strengthen this trend. This could bring the final out for the FDP, which according to the most recent opinion polls across the country is struggling along at 3 percent.

Longer basic military service is therefore, in the words of the FDP leader, the "very last possibility." Genscher has said: "Only when all the other measures can no longer help will that come up for discussion."

The SPD, which had a hard time with similar proposals from Woerner's predecessor Hans Apel during the time of the social-liberal coalition, does not think much of the plans.

The long-term commission established by Apel found in May 1982 that, beginning in 1987, the Bundeswehr would be "faced with personnel problems of unknown

dimensions." Because of the required lead time for changing the organization for training and the plans for training, a decision about extending military service would have to be made in 1985 at the latest

When the alarmed Apel ordered additional studies, the opposition CDU/CSU became angry at the irresolute minister of defense. There was absolutely no "valid reason" not to decide the question immediately, said CDU delegate Markus Berger heatedly, a retired lieutenant colonel, on behalf of his predecessor Woerner.

Barely half a year later Woerner had attained the objective of his desires: he assumed the supreme command from Apel.

But instead of acting immediately, Woerner also commissioned a new assessment of the situation. As much as his experts manipulated the figures: the "kink" caused by the pill cannot be made to disappear. Even if all the measures proposed by the military men are put into effect, there will still be a shortfall of at least 65,000 men in the 1990's. Future ministers of defense will not be able to command more than 430,000 soldiers soon.

"The current peacetime strength of the Bundeswehr must not become dogma," is the judgment of FDP defense expert Olaf Feldmann. It does not have great significance for its defense capability. Its operational strength in a national defense emergency was critical, "and that depends on how many well-trained soldiers can be drafted quickly."

Like the SPD, Feldmann, certainly not without the silent approval of his party leader, is looking for an open conflict with Kohl and Woerner. He said it was high time that the Ministry of Defense presented a "cohesive plan which lends itself to discussion:" "Extending basic military service to 18 months is not very helpful."

As he often does when things become critical, the FDP chairman is banking on gaining time. To intimates he dismissed the breakfast conversation with Woerner as a round of information gathering, nothing had been decided yet.

He said that he would broach the topics of women in uniform and extension of military service at one of the next coalition summit conferences with party leaders Kohl and Franz Josef Strauss. Genscher: "Then we will see what comes of it."

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SOVIET ATTACK ON COUNTRY WOULD EMPHASIZE AIR POWER

Oslo AFTENPOSTEN in Norwegian 7 Apr 84 p 3

[Article by Major General Werner Christie: "Aircraft will Play a Dominant Role"]

[Text] "The Soviet Air Force has in recent years grown into a formidable power factor, making possible amphibious and naval operations previously not available," points out Major General Werner Christie in this article for AFTENPOSTEN. It is also certain that aircraft, as in 1940 will play a dominant role if Norway is attacked. The attack could come from both north and south. And let us not forget that situations can arise in which it can come from the east, from Sweden. In recent years Soviet aircraft carriers have regularly passed along our coasts, so that attacks from the west cannot be excluded. In the course of a few hours airpower can be concentrated about vital points in Norway.

Only 80 years ago the brothers Wright skittered over the sand at Kitty Hawk, the first flight by human beings. Forty years ago aircraft had previously shown their teeth and claws in Ethiopia, Spain, Poland, Western Europe and England. In Denmark and Norway 9 April was primarily a triumph for the Luftwaffe. Aircraft struck the first surprise blows, and later aircraft protected the German army and navy, enabling them to carry out their missions.

In a Few Hours

What are the comparative strengths in the air today? Here we cannot assess strengths as we assess army forces. On land, we can with some accuracy estimate the number of divisions stationed on the Kola Peninsula, in Central Europe and so on. In the case of mobilization or large troop movements, this cannot be done in secret, and there is reason to believe that we would have warning of preparation for war. This does not apply to air forces. In the course of a few hours air forces can be concentrated around vital points in Norway or elsewhere. It is therefore of little interest to count the aircraft found on the Kola Peninsula today and regard this as the threat to Norway. Nearby there are well-equipped air fields in Kola, and tomorrow they could be full of aircraft. We should rather look at the total of air

power available to NATO and the total available to the Warsaw Pact and compare numbers, striking power and mobility. To be sure, we in Norway would be a very small factor in a very big game, and at the same time many factors of uncertainty are introduced. The comparison can therefore be difficult and uncertain, but that is the way the three-dimensional war is.

Strength Comparison

If we add together all tactical aircraft in the East and in the West the result is for each of the blocs about 7,200 aircraft. Nor is the difference great if we count naval aircraft, roughly 14,400 in the East and 1,800 in the West. The superiority of the West amounts to much more than 400 aircraft. The reason for this is primarily the American superiority in aircraft carriers. We must remember that control of the oceans is a cornerstone of NATO's strategy. The most likely areas of conflict are all far removed from the United States. This circumstance is reflected in the fact that practically all American fighters can be refueled in the air, and in that the Americans have a slight preponderance in transport aircraft. If we include civilian aircraft the scale tilts the other way, however. The wholly state-controlled Aeroflot could provide about 1,300 transport aircraft, in addition to thousands of short-range aircraft. While Aeroflot's aircraft park and structure are adjusted to military tasks, a corresponding mobilization of the American civilian aviation is more problematic.

As concerns interception aircraft for shooting down attacking bombers, the Soviets have available 2,500, as against 300 American. This may seem out of balance, but the threat against continental America is posed primarily by the Soviet Union's 150 heavy bombers. For its part the Soviet Union must reckon with the 375 heavy bombers of the United States and with most of NATO's tactical aircraft as a threat to the Soviet homeland. Technologically the West has the advantage, even though it seems to be shrinking. The West sees several Soviet aircraft as primitive. In war this may provide more robust aircraft, a condition accentuated by the extensive standardization undertaken. National and international competition has, however, resulted in innumerable types of aircraft and a very heterogeneous weapons arsenal in the West. In recent years a certain amount of progress has been made, however, in coproduction of the F16 and the Tornado. As is known, the F16 is being used by Denmark, Norway, Belgium, the Netherlands and the American Air Force. The Tornado, a fighter-bomber, is produced jointly by Great Britain, West Germany, and Italy.

On average, Western aircraft carry greater payloads than those of the Soviet Union. This applies especially to the pursuit bombers, making it possible to use them in the air-defense role. There is also reason to believe that the West has an advantage as concerns operations in darkness and bad weather.

Soviet Advantages

While the Soviet Union has the great advantage of being able to base their operations on internal lines of supply, the United States would have long and vulnerable ones. In addition, in Europe aircraft would have to be

concentrated on relatively few air fields. This is why we have the COB [Collocated Operating Bases] agreement, which strives for the greatest possible spread of aircraft. Soviet aircraft can get along with somewhat shorter runways than those of the West. It is also easier to maintain them in high readiness, beyond the reach of NATO bombers. Airfields are nevertheless the Achilles heels of both sides especially today, when new weapons have made the runways even more vulnerable than they once were. Both sides therefore increasingly stress aircraft that can take off and land on short runways and aircraft that can take off and land vertically. In this area the West is ahead by a nose. The British Harrier aircraft fully proved their worth during the Falkland war.

Which of the blocs is strongest cannot be answered briefly and categorically, of course. Much will depend upon which of them knows best how to make use of aircraft's inherent flexibility and striking power. The Russians' monopolistic and rigorous organizational structure could in this area prove to be a disadvantage.

A Formidable Power Factor

The attempts here made at qualitative assessments provide only very rough indications, of course. The figures given can be interpreted in various ways. It is certain, however, that the Soviet air force has in recent decades grown into a formidable power factor, making possible amphibious and naval operations formerly not available.

It is also certain that aircraft, as in 1940, will play a dominant role if Norway were to be attacked. And the attack could come from both north and south. And let us not forget that situations could arise in which it could come from the east, over Sweden. In recent years Soviet aircraft carriers have regularly passed along our coast, so that attacks from the west cannot be excluded either.

Despite our exposed situation we have been frighteningly slow in taking preventive steps.

For 25 years the question of missile air defense has been discussed. We have finally decided what we want, but the missiles have not yet been deployed.

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NAVY'S CHIEF INFORMATION OFFICER ON HANDLING OF SUB INCIDENTS

Stockholm 7 DAGAR in Swedish 13 Apr 84 pp 11-12

[Article by Christina Jonsson]

[Text] "HMS Carlskrona," Karlskrona--Commander Sven Carlsson openly voices his criticism and self-criticism concerning defense information on the submarine hunts. Now he is leaving his information post to become captain of the "HMS Carlskrona," where 7 DAGAR met him for an interview.

"Time after time it has been established that the operators in submarine hunts simply must have complete confidence in those supplying the information. Even so, no one has yet taken the consequences of this to their logical conclusion."

Commander Sven Carlsson is openly critical--and self-critical--for the first time in this interview of the military's method of handling information both internally and externally during submarine hunts. For 6 1/2 years he was head of the navy's information section. As newly-appointed captain of the minelayer "Carlskrona" he can now look back: now the "men in the false beards," i.e. the military intelligence people, can take their lumps. Now he can talk about the dilemma of having or not having a press headquarters and the total confusion and lack of instructions that were a fact on the day in 1980 when it all began.

At times Sven Carlsson is sharply critical of "his own":

"Despite repeated assertions by both the chief of the navy, Per Rudberg, and Supreme Commander Lennart Ljung about the importance of really informing the information people about the hunt's course, results and events, it is still up to each operator to report what he wants to.

"All right it has improved a very little bit. One problem that has still not been solved is our inability to provide information for affected personnel. Defense personnel complained about having to read the papers to find out what was going on and often being misinformed by the press. But the view of us has led to problems both on this and on other levels.

"In the context of the U-137 running aground we information people were regarded by some of the operators as hacks in the worst sense of the word. What we were doing was considered some kind of hobby. Some of them felt that a Soviet submarine aground in the Swedish archipelago was not really any of the public's business. Security people sometimes fell silent or started talking about the weather when I walked into the room. This was frustrating, dangerous and wrong in my opinion. Developments have shown that I was right. Searching for submarines is not something one can do behind closed doors and windows. The commander of the navy and the supreme commander have reached the same conclusion. But their conclusions have been put aside, as I said."

Instruction Lacking

Sven Carlsson, 55, became Sweden's "submarine spokesman" for the world. His were the now classic terms "possible sub" and "probable sub," which are part of Swedish folklore today. But Sven Carlsson, like everyone else in the navy and the entire military apparatus, was really innocent that day in 1980 when it all began. It is true that there was one instruction on dealing with information about submarines. It dealt with what the press service should do if a Swedish submarine disappeared. With regard to foreign subs naval information was more inclined to joke about "budget subs." Until the Uto events 4 years ago.

"It started there just as it had before. Some submarine was violating our waters. We also responded as we usually did, i.e. fired warning shots and waited for the intruder to withdraw across the borderline. But it did not. It stayed there, deliberately provoking us--for 14 days! We were dumb-founded, didn't understand it. Earlier incidents had petered out. Now the mass media and the public became interested. Heavens, how naive we were then! In the middle of the search we transmitted on open frequencies. DAGENS NYHETER monitored the military frequencies, wrote down what we said and later there was a terrible staff uproar over who had leaked information to the paper."

But the real turning point for information came when the U-137 ran aground in 1981. When the navy leadership confirmed the almost incredible fact that a Soviet submarine had run aground in the Karlskrona archipelago, Sven Carlsson realized among other things that a press headquarters was needed.

"I rushed down there on Wednesday, but it was not until the following Monday that we set up a press center with all the resources one could ask for in place. Of course we didn't know how difficult, complicated and drawn-out the affair would be, but there was an incredibly large number of Swedish and foreign mass media people. We had to deal with photo conditions, transport, evictions, etc., we had not yet learned to sleep in shifts and in fact we were confronting something so new and difficult that it was upsetting.

"I feel that before then we had just played at war--thank goodness!--and the few journalists who were interested in the game had taken neat folders with

the war results back home to their editorial offices. Now we were suddenly in the gray zone that became increasingly dominant. Today submarine hunts are carried out with massive firepower before the eyes of the public, practically in downtown Karlskrona! And none of us really knows why, just as we have no idea what the resolution will be while a sub hunt is going on."

After the U-137 incident, people sat down and reviewed their experiences. The press headquarters had worked well, now a scouting effort was made with military units and associations to find places where there might conceivably be a hunt resulting in a large number of press people turning up. When the Harsfjarden incident broke loose, everything was ready. The head of the Berga naval training schools had been ordered to set up a press center. The order turned out to have been a big mistake.

"We were prepared. But not for what happened. When the journalists saw the well-organized press headquarters they interpreted it as meaning that there was a submarine behind the curtains...good heavens...and when I asked them to set up a press pool, select a small number of representatives, that too was interpreted as meaning that we had tangible proof. Proof, my foot! It was defense staff chief Bror Stefenson who said after a while: 'It must be some kind of remote-controlled shit.' We did not even know what we were dealing with. There was an enormous amount of criticism because we failed to come up with anything.

"The 'failure' was a fact and the jeers followed automatically. The talk about 'all our resources' seemed absurd. It is first now that we have resources, such as the mineclearing ship 'Landsort,' that are adapted for sub hunting like the latest incident in Karlskrona. But with regard to helicopters, other craft and other equipment, there are still big gaps.

"Bror Stefenson coined a new expression, 'foreign underwater activity.' So even if I have been criticized for 'possible' and 'probable,' those were really the precise descriptions. But it was the experiences we had with a ready-made press center in Harsfjarden that led to our not having one now in the most recent Karlskrona incident."

Last Hunt

The Karlskrona hunt was Sven Carlsson's last one. The alarm that broke loose on 9 February forced him to stop packing up at the office and rush once again to Karlskrona to provide information about a submarine hunt. When he now criticizes internal conditions, we must not forget that Sven Carlsson may be an advocate of a more open attitude, but at the same time he knows of a number of violations that did not come to the attention of the public. Why not?

"When the public learns about something we must inform people as well as we can. But in the cases where we find indications without helpful tipsters or any of the three categories of leaks that exist--those who talk because they are indiscreet, those who talk because they want to show off and those

who talk for money--then obviously the military must make use of its discoveries in the game we are playing. The power violating our waters should not know every single thing we know, it should not know the locations where it has been discovered."

There were 63 known violations in 1983. In 1982 the figure was 52 and in 1981 it was around 40. When Sven Carlsson began working as information chief one of the things he did was to put together a slide presentation on the navy. It was put in a container to be sent around the country. The idea was to create public backing for the navy, to explain why it was dangerous to scrap parts of it, in an effort to influence public opinion prior to the 1982 defense resolution.

"I have not had time for that kind of work since 1980 and I think it is a shame. What? Yes, of course the intrusions had more effect on public opinion than a slide show would have. But I am still concerned about the fact that all other internal and external information activity had to be put aside. Everything has been concentrated on submarines, submarines."

Sven Carlsson is now making way for a new submarine spokesman, Anders Timdahl. Sven Carlsson is very satisfied with this selection.

"Perfect. Anders is a 'cloak-and-dagger man' from Milo in Kristianstad who trained on a submarine and now he will move to the opposite extreme and provide information to the public. Perhaps there will finally be more emphasis on trust between both sides."

6578

CSO: 3650/181

MORE EVIDENCE ON SOVIET INTEREST IN MINISUBS REPORTED

Stockholm GNISTAN in Swedish 18 Apr 84 p 23

[Article by Lars Bengtsson]

[Text] More and more reports of advanced underwater technology have started to appear in the Soviet press. In the December 1983 issue of the periodical of the Soviet Academy of Sciences, "Science in the Soviet Union," the research projects the Soviet Oceanographic Institute is carrying out with the help of minisubs were described.

The article is illustrated with pictures of the Pisces XI research submarine. The Soviet Union bought at least two of them from Canada in the 1970's.

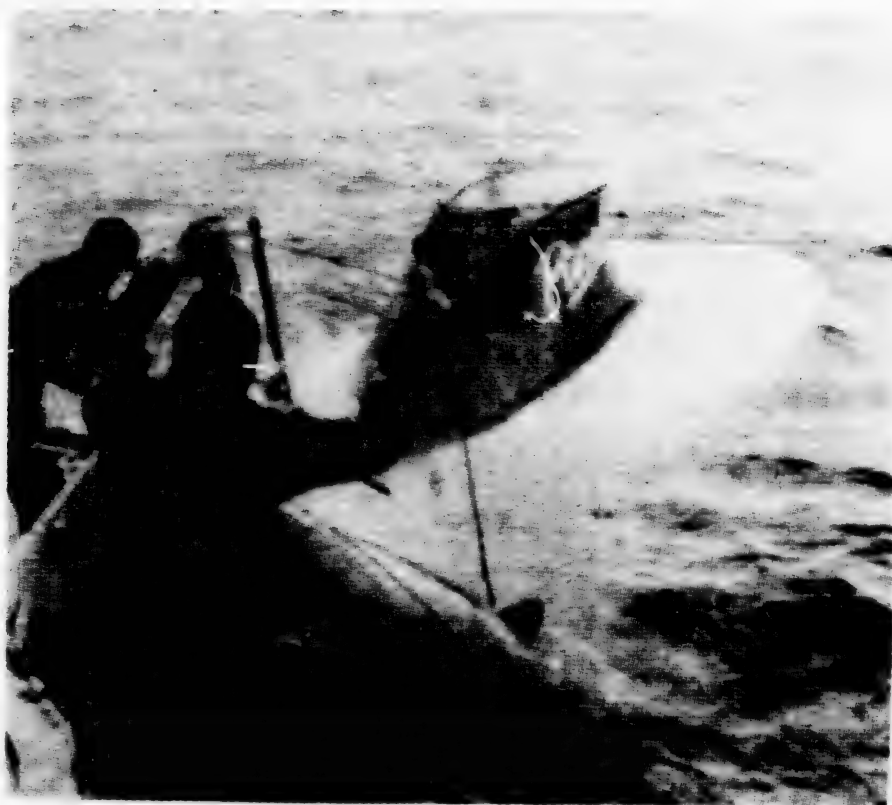
The submarine has a 3-man crew and is designed to take very strong pressures. Despite its small size it can dive as far down as 2 kilometers. It can also bring up objects from the bottom.

The submarines have previously been tested in Baykal Lake, where they were also observed and photographed.

The article also mentioned two previously unknown Russian-built vessels, the Zvuk-4M and the Zvuk-6. The vessels are unmanned and are towed by regular ships. According to the article they are equipped with film and TV cameras, echo sounders and hydrophones. "Zvuk" means "sound" in Russian.

Obviously the article is describing only civilian uses of minisubs. But this does demonstrate the Soviet capacity for underwater technology--a capacity that is undoubtedly also used by the military.

It is also interesting that the research project described in the periodical was carried out back in December 1979. A possible reason for waiting 4 years to publish the results is that the technology has been classified as secret during this period.



"With the help of sophisticated foreign-made and Soviet equipment, Soviet scientists are making an intensive study of the oceans of the world."

Those words were written by the periodical of the Soviet Academy of Sciences, "Science in the Soviet Union." The picture shows a Pisces XI minisub that was purchased from Canada.

Now those who made fun of unidentified diving craft can see that minisubs really do exist. And with their help Soviet scientists have made very advanced underwater measurements in the Red Sea and elsewhere. The pictures taken by these underwater vessels are alarmingly sharp, with rocks and even depressions in the sand being clearly visible. .

6578

CSO: 3650/181

FINANCE MINISTRY DOCUMENT ON FOREIGN LOANS

Nicosia TA NEA in Greek 1 Apr 84 p 9

[Text] As was agreed upon during the Advisory Economic Committee's meeting on 21 January 1984, a special service committee composed of representatives from the Ministry of Finance, Programming Office and Central Bank has prepared a series of forecasts about how the various financial magnitudes will act during the 1984-1987 period. These forecasts are presented analytically in the charts which are attached.

On the basis of data in the charts, the public deficit (The definition of the public sector which was used for the purposes of this memorandum is that used by the International Monetary Fund. According to this definition, the public sector in Cyprus includes the Ordinary Budget, the Budget for Development, the Fund for Displaced and Injured Persons, the Public Loans Fund, the Social Insurance Funds and the Settlement Reserves. During computation of the public deficit, the deficits of the Wheat Board and Vine Products Council are also included.) during the five-year period 1983-1987 is expected to act as follows:

<u>Year</u>	<u>Public Deficit</u> [in million pounds]
(PS=Provisional Data, PR=Forecasts)	
1983 (PS)	78.2
1984 (PR)	74.0
1985 (PR)	86.3
1986 (PR)	78.5
1987 (PR)	64.9

(It should be noted that all the forecasts mentioned in the memorandum are based on information which was available up to the end of January 1984. It appears from more recent information that the deficit will increase during 1984 because of the fact that the indemnifications for expropriations during 1984 are expected finally to amount to levels much higher than those at which they were budgeted.)

To cover the above deficits, additional borrowing will be needed (that is, loans beyond the amounts for which there is already an agreement or it is entirely certain they will be obtained) on the order of 19.8 million pounds in 1984, 41.4 million pounds in 1985, 42.9 million pounds in 1986 and 44.7 million pounds in 1987.

As is natural, the above forecasts are based on a large number of assumptions, of which the main ones are the following:

A. Assumptions Concerning Policy Issues

1. There will be no changes in the tax coefficients which are in force at present, nor will new forms of taxation be introduced.
2. There will be no perceptible differentiation in the number of employees and workers in government service and no new general increases in basic wages and salaries will be given.
3. The selling prices of wheat from the Wheat Board will not increase from their present levels, while the purchasing prices for domestically produced wheat will increase at the same rate at which international prices rise.
4. During this period, no new large developmental works will be promoted, aside from those already included in the developmental programs. (This assumption is not very realistic in the case of 1987, given that that year is not covered by the Fourth Special Plan for Economic Activity and, therefore, the developmental program for that year has not been completed yet.)
5. The Wheat Board will pay off in 1984 all the commercial credits it received from abroad in 1983 and will not use this type of assistance in the future.
6. There will be no policy changes as concerns the Social Insurance Funds or as concerns the allowance of various services or social benefits from the government.

B. Assumptions Concerning Changes in Various Economic Magnitudes

1. The gross national product will have a nine-percent increase, at current prices, every year.
2. The yearly inflation rate will be five percent.
3. There will be no differentiations in the magnitude of various elasticities or propensities (for example, propensity to consume, propensity for imports, etc.).
4. Up to 1987, international wheat prices will increase eight percent a year.

Aside from the above assumptions, it should be pointed out that the forecasts are based also on the assumption that there will be a gradual improvement in the implementation of legislation for taxation on real estate so that by 1986 its implementation will be nearly complete, and in 1986 and 1987 receipts (because of payment of arrears) will be higher than the normal income for the year.

In order to simply give an indication about the influences which would deviate from the above assumptions about the government's policy, it should be mentioned that a general increase in basic wages and salaries of one percent each year would increase expenditures for wages and salaries 1.3 million pounds in 1984, 2.9 million pounds in 1985, 4.9 million pounds in 1986 and 7.2 million pounds in 1987. (The

total influence on the public deficit would, of course, be lower because revenues from the income tax would be increased to some degree.) An increase in the yearly inflation rate from five percent (which was assumed) to six percent would have the same effect. It should also be pointed out that, if the trade-union organizations' recent proposals about differentiations in the legislation on the income tax are accepted, the public deficit will be increased by approximately five million pounds in 1984 and by greater amounts in the following years. (This calculation is based on SEK's [Confederation of Cypriot Workers] proposal for the tax credits suggested by PEO [Pan-Cyprian Labor Federation] to be adopted, but without any increase in the tax coefficients.)

As clearly emerges from the data in the attached charts, the effort to decrease the public deficit in coming years to levels below those presented in the charts must be made on many fronts and be turned to all categories of expenses and income.

More particularly as concerns the effort to restrict public expenses, it is clear that it is necessary to avoid any new general increases in basic salaries, as well as an increase in the number of state employees and workers, and to adopt other additional measures, such as, for example, decreasing the starting pay-scales for newly-hired employees, changing the way in which the cost-of-living allowance is granted (In order to show more clearly the importance of the cost-of-living allowance in the increase of public expenses, it is mentioned that [on the basis of data in the attached charts] approximately one-fourth of the anticipated total increase in public expenses between 1984 and 1987 is owing to this factor.), gradually abolishing overtime, more rationally arranging the subsidies for agricultural products, and limiting transfer payments to semi-government organizations and local-administration authorities. It is also necessary for integrated measures to be taken to increase the mobility of state employees between services, to improve and modernize the state machine's operation, and to strengthen fiscal control, measures which will allow a gradual decrease in the number of state employees to be achieved.

Without downplaying the need for measures to be taken to decrease the other expenses in the state machine's operation in the frameworks of a policy of "frugality," it should be stressed that the possibilities of decreasing total state expenditures with measures which will aim in this direction are fairly limited, given that total expenses in this category (that is, expenditures for purchasing goods and services, deducting those for the National Guard) are confined to approximately seven percent of the total public expenses (27.6 million pounds in 1984, 37.1 million in 1987).

As regards public revenues, there is emphasis on the need to avoid any differentiation in the coefficients or deductions in the income tax which would lead to a decrease in receipts from this tax, as well as the need to deal with the gaps existing in the tax legislation and to implement this legislation effectively. Also stressed is the need for a prompt adjustment in the differentiation of the cost of prices and taxes imposed for various goods and services which various government departments offer.

9247
CSO: 3521/227

MANAGEMENT DIFFICULTIES OF NATIONALIZED BANKS EXAMINED

Government, Bank Executive Relations

Paris LE NOUVEL ECONOMISTE in French 2 Apr 84 pp 50-53

[Article by Jean Gloaguen]

[Text] "Heads are going to roll." In government circles, no secret is being made of the fact that the next time boards of directors for the 39 nationalized banks are elected, the opportunity will be used to shoot down a few of the current bank presidents. Will this be punishment for executives who, contrary to the wishes expressed by Pierre Mauroy in September 1981, have continued to behave like "guardians, overlords, and executors" toward the firms? It is more likely the opposite. Even while urging its bankers to change their behavior, and even though it sometimes forces them to finance businesses in trouble, the government also expects orthodoxy of them. The result is that although it was presented as the beginning of a revolution, the almost total nationalization of the credit system has brought only slight changes. But those changes have been noticeable enough to lead the RPR to make the denationalization of credit one of its priorities. On 24 March, as he was closing the congress held by his supporters in the banks, Jacques Chirac used the slogan: "Without freedom of credit, there is no free society."

What changes have there been for bank customers over the past 2 years? In the case of firms, there have unquestionably been efforts to promote the establishment of firms, innovation, exports, and, above all, the strengthening of financial structures (participating loans comparable to equity capital, the issuing of bonds, and CODEVI medium-term loans at 9.75 percent). Incidentally, those measures have turned the staggering maze of credit formulas into an even thicker tangle. In 1983, two-thirds of the volume of new loans involved 250 procedures not covered by common law!

The credit squeeze has nonetheless been very real and has frozen financial positions a little more. The owners of most PME's [Small and Medium-Sized Businesses] note that the squeeze is still a good excuse for refusing them additional overdraft facilities. They also find it hard to stomach the idea of paying 14 percent or more for short-term money or twice that at the foreseeable rate of price increases.

Victory: As for private individuals, they constantly hear talk about the wonderful services of the future that will be brought to them by memory cards and data processing terminals. Meanwhile, their bank branch often closes at 1630 hours during the week, and the cash machines frequently say "out of order" on weekends. The purchaser of an old apartment must expect to pay an interest rate of 17 percent.

Of course, the banks are more interested than ever in the average Frenchman's money. They are even offering him two new savings instruments. One is the inflation-indexed "pink book," if he has a modest income. The other is the CODEVI, in which he can deposit a maximum of 10,000 francs and earn 7.5 percent in tax-free interest.

CODEVI is a victory for the bankers. Previously, the Savings Banks and the Mutual Credit Bank had held the monopoly on the most attractive "tax savers" (the A book and the blue book). With CODEVI--as with the pink book, for that matter--everybody is on an equal footing. It is one more step toward elimination of the "privileges" enjoyed by other financial institutions--an elimination that the banks have been demanding for a long time.

Jumble of complaints: That "leveling off" is in fact the main theme in the banking law put through by Jacques Delors to renovate the financial system. While it meets the aspiration for equality, it also promotes uniformity--look at how each institution is advertising "its own" CODEVI. That is certainly not a trend hoped for by the promoters of nationalization.

When it was in the opposition, the Left had a jumble of complaints against French banking: it was hypertrophied (with four French establishments among the 10 largest in the world), it lacked boldness in promoting industry, it rejected real competition, it treated its customers in an offhand manner, it lacked imagination, its operating costs were too high, and it was socially conservative. And the Left took up those criticisms again after it took power: "I am disgusted at the attitude of the banks," said Delors in September 1981. The transfer of the Swiss and Belgian subsidiaries of PARIBAS [Bank of Paris and the Low Countries] to foreign interests further deepened the dispute. Four months later, in February 1982, PARIBAS and Suez, the two symbols of French financial capitalism, were nationalized along with the 36 largest private banks. Moreover, the three banks already under state control were "renationalized" by buying back the shares they had distributed to their employees. The only banks escaping seizure by the state were the mutual institutions (the Agricultural Credit Bank, the Mutual Credit Bank, and the People's Banks), foreign banks, and small private banks (with deposits of less than 1 billion francs as of 2 January 1981).

The government paid a heavy price for a slight increase in its participation in the collection of funds (from 64 to 74 percent) and the distribution of credit (from 56 to 69 percent): it paid 18.5 billion francs for the banks proper and 10.2 billion for the two finance companies. Payments on the indemnification bonds will amount to about 4 billion francs this year. That burden was supposed to be offset by an end to old-fashioned banking.

Seraglio: In fact, the top men are going to be removed from the entire "establishment." Exit Jacques Calvet of the BNP [National Bank of Paris], Claude Pierre-Brossolette of the Lyons Credit Bank, Maurice Laure of the General Banking Company, Dominique Chatillon of the Industrial and Credit Bank, Jean-Maxime Leveque of the Commercial Credit Bank of France, and Antoine Dupont-Fauville of the Northern Credit Bank. Enter Rene Thomas, Jean Deflassieux, Jacques Mayoux, Georges Dumas, Daniel Deguen, and David Dautresme, all of them men from the seraglio and four of them from the Inspectorate of Finance.

In the more modest financial institutions, the only common denominator among the new bosses, who are from an extreme diversity of backgrounds, is political friendships. One participant says: "That explains why the first monthly masses bringing the 39 bank presidents together with Delors will be so colorful."

Around Deflassieux, experts in the PS were recommending two major reforms in particular: the absorption of small and medium-sized banks by bigger ones to restructure the network of 10,000 teller's windows and the establishment of a national investment bank. Those big projects were not carried out, although a few agreements were reached: the European Union Bank (formerly linked to the Empain-Schneider group) was taken over by the Industrial and Commercial Credit Bank, and there is cooperation between the Commercial Credit Bank of France, the European Banking Company (formerly the Rothschild Bank), and the Banking Union in Paris. Negotiations are also underway between the Vernes and Commercial Bank of Paris and Suez.

The desire by Delors not to impose mergers explains in part the stability of the banking scene. Its corollary has been the gradual transformation of every new bank president into a fierce defender of his own bank's autonomy.

Shock treatment: As for the ambitions to change the banking profession's habits, the bankers soon gave them up on discovering their vulnerability. The European Credit Bank, the Vernes and Commercial Bank of Paris, the European Banking Union, the Bordeaux Credit Bank, the Northern Credit Bank, and the Private Bank for Financial Management--never since the 1930's have so many credit institutions reported losses. Even though the losses were due to risky real estate operations, speculation on raw materials, inappropriate financing, and poor loans that were committed before nationalization, those setbacks had the effect of electric shock treatments.

The policy of rigor did the rest. In 1982 and 1983, it resulted in an even greater credit squeeze and a slow ebbing of interest rates on the money market. Those movements had automatically unfavorable effects on most of the banks and particularly the regional institutions, a large portion of whose profits comes from their cash management.

Even more fearsome, austerity combined with the loss of French business competitiveness brought an upswing in disasters among bank customers. "To an even greater extent than the record number of bankruptcies in 1983, it is the increase in the size of the firms affected that is hurting."

It is an old tradition for the government to exert pressure on bankers to support lame ducks. Have things grown worse? In the opinion of Dautresme, president of the Northern Credit Bank, "it is undeniable that industrial restructuring and the fact that the banks have been nationalized are creating strong pressures. We have an obligation to resist when the loan files lack credibility." Two cases in particular resulted in very heated exchanges between the Treasury and the banks: Creusot-Loire and La Chapelle-Darblay.

Whether nationalized long ago or recently, the big financial institutions have a good reason to resist: their international lending is costing them a great deal. The rescheduling in a chain reaction of the debts of Mexico, Brazil, Argentina, and Nigeria and uncertainty as to the ability of those countries to someday repay their loans are leading the banks to set aside substantial reserves.

In all, the net appropriations to reserve accounts by the commercial banks reportedly increased from 14 billion francs in 1981 to over 18 billion francs in 1982, and the figure will rise even further for 1983. For example, the Lyons Credit Bank--penalized, it is true, by the misfortunes of its Dutch subsidiary, Slavenburg--will increase its reserve to 4.5 billion francs. That is more than half of the combined total of after-tax profits for all the banks.

Profits are indeed modest, especially in view of the risks incurred. They total approximately 7 billion francs, compared to the 4 trillion francs committed at the start of 1983. That disproportion draws attention to the old issue of equity capital in French banks (11 billion francs for the three largest banks).

The stakes are sizable. Equity capital constitutes one of the chief benchmarks by which the specialized rating bureaus evaluate the solvency of a bank. And their evaluation determines how much the bank in question will pay for the money it borrows on the international market. Several big French banks have just seen their rating drop, and they are going to pay an additional premium if they borrow long-term capital in the United States. In that context, the customer must not nourish any illusions: the days of 5-percent credit are not just around the corner. At the same time, the government is showing no concern to lower the so-called "intermediation costs"--that is, the banking system's overhead. That overhead has risen by about 7 percent in constant francs over the past 10 years. Its main component? Seventy percent of it consists of salaries and social security payments for 200,000 employees.

The nationalized banks are therefore seeking to increase their productivity. They are naturally counting on the gradual automation of the means of payment. Some of them are already letting their customers know that using checks will cost them a great deal and might warrant a penalty in the form of billing.

The reverse side of automation is manpower management. Dautresme recently suggested that one job out of six would disappear within 10 years. Although he hastened to add that this did not mean people would be fired, he caused a serious reaction. "That statement is part of a concerted maneuver by the bankers and, probably, the Ministry of Economy, Finance, and Budget, which is worried by the mobilization of personnel against the austerity being advocated for

1984." The CGT is going back to the same vocabulary it used before 1982, and that is understandable: on orders from the government, the Professional Banking Association--the employers' organization--is proposing wage increases of only 6 percent for 1984. Good economic, commercial, and social intentions have not been a match for the headache represented by the operating account. Keeping the ship afloat and changing its internal organization have become the priority for the nationalized bankers. Too bad for their customers.

Suez Bank President Interviewed

Paris LE NOUVEL ECONOMISTE in French 2 Apr 84 p 52

[Interview with Jean Peyrelevade, president of the Suez Finance Company; date and place not specified]

[Text] LE NOUVEL ECONOMISTE: Since you took over, we have not heard much about the Suez Finance Company. Does this mean you have not changed anything?

Jean Peyrelevade: It is necessary to distinguish between the Suez Finance Company, which is a holding company, and its subsidiary, the Indosuez Bank. The Suez Finance Company has remarkable technical know-how and not inconsiderable assets (10 billion francs), but it had more or less gone to sleep. In particular, it no longer had a capacity for industrial analysis. Gerard Worms joined us to reestablish an intervention force capable of undertaking new investments in companies. In 1984, we will probably carry out one or two significant operations. Of course, we are not sure of winning every time, but I feel that we must be able to take risks to benefit our productive apparatus.

As far as the Indosuez Bank is concerned, there has been only one shift in direction--a halt to real estate operations--and one hope, which is to improve a favorable but still inadequate profit situation.

LE NOUVEL ECONOMISTE: It is being whispered that Suez is thinking of loosening its ties with the Industrial and Commercial Credit Bank [CIC]. Is this true?

Jean Peyrelevade: It is true that the Industrial and Commercial Credit Bank has chosen a strategy taking it away from the Suez group. At first, the two banks complemented each other to a great extent: Suez had an international network, while the CIC was centered basically in France. By taking control of the European Union Bank, the CIC chose to assert its autonomy. As a result, Suez must consider that it has 800 million francs tied up in this bank, through its stockholdings, with prospects that are not very clear.

LE NOUVEL ECONOMISTE: What is happening to your interests in insurance and the assets of the former Rothschild group?

Jean Peyrelevade: Soon after I took over, I recognized the preeminence of our partners in the Victory firm and Centenaire Blanzay, an industrial holding company. In both cases, Suez has minority voting rights. On the other hand, its primacy is recognized in the field of international commercial firms (Optorg and the SCAC), and we have a right to become the principal (but not majority)

stockholder in the French Credit and Banking Company (CFCB), which includes some banking investments that are of great interest to Indosuez.

As for the industrial assets transferred from the former Rothschild group, some of them were indeed presenting a few problems. But things are going less badly than one might have feared: the General Cold Storage Company was put back on its feet and then sold to the Industrial Maritime Company, we helped in the takeover of IMETAL by COGEMA [General Nuclear Materials Company], and the Saga transportation and forwarding firm has been brought under control. But we still need to sell off certain real property.

11798

CSO: 3519/307

PAPER COMMENTS ON MEASURES TO ACQUIRE NEW HEAVY INDUSTRY

Reykjavik MORGUNBLADID in Icelandic 30 Mar 84 p 24

[Editorial: "New Heavy Industry Policy"]

[Text] There has been an improvement in many fields during the 10 months the government has been in power. The attention has, of course, mainly been directed to the battle against inflation and in that battle the government has enjoyed extensive understanding and its policy has been implemented with great results at least with regard to indexation of wages and collective bargaining. Now everybody is waiting anxiously to find out how the government will fare in fighting the budget problems and monetary affairs. Along with changed economic policy, a new industrial policy has been formed under the leadership of Minister of Industry Sverrir Hermansson. There is no doubt that this policy will yield the national economy generous returns if it comes to pass.

After Hjorleifur Guttormsson had been nearly 5 years in the Ministry of Industry, the situation was such that nothing was left but arguments and disputes concerning minor and major matters in heavy industry affairs. The mass media was bursting with long statements issued by the minister of industry that showed no visible results. Guttormssons' emissaries traveled far and wide to gather information about the enormous disadvantage Icelanders suffered from their business with Alusuisse and expensive accountants, lawyers and other advisors abroad were busy creating Guttormsson's case against the owners of the Straumsvik Aluminum Plant but there was no progress in getting the energy price raised which, however, was Guttormsson's declared objective for almost 5 years.

Central Bank Director Sigurgeir Jonsson recently described Sverrir Hermannsson's takeover of the Ministry of Industry with the following words in a speech at the annual meeting of the Federation of Icelandic Manufacturers: "When the government came to power last year, important factors in heavy industry affairs had been nonexistent for about half a decade and the relations with Alusuisse had been such that it is debatable whether it was consistent with professional interests. At the same time many statements and actions taken by the government were of such a nature that it was only logical for both Icelandic and foreign parties to conclude that Icelandic authorities had no real interest in utilizing the country's energy sources for heavy industry in the foreseeable future."

Nothing is exaggerated in the above quoted passage, just the opposite. The government formed a policy to increase energy intensive industry in the country, among other things, by getting new foreign partnerships and reaching complete conciliation with Alusuisse. Two committees were appointed for this purpose. One was under the leadership of Dr Johannes Nordal (Central Bank Governor) to negotiate with Alusuisse about disagreements and about the addition to the Straumsvik Aluminum Plant as well as to negotiate for a new partner in the Straumsvik Alloy Plant. Already last fall an agreement was reached on an increase of the energy price to the aluminum plant. The other items on the committee's list of instructions are under way. The other committee, the Heavy Industry Committee, under the leadership of Birgir Isl. Gunnarsson [IP MP] was instructed to investigate the possibilities for new heavy industry and to seek negotiations with new parties. The committee's efforts have already yielded results.

When the government was formed, a new heavy industry policy was formed in contrast to the People's Alliance demolition. All over the country there are great expectations that it will be fruitful.

9583

CSO: 3626/20

FINANCE MINISTER REPORTS SUCCESS IN EMPLOYMENT POLICY

Oslo AFTENPOSTEN in Norwegian 13 Apr 84 p 3

[Article by Elinar Solvoll: "In the Debate on Employment, Finance Minister Presthus says Unemployment is On the Way Down"]

[Excerpt] The number of individuals registered as unemployed has been reduced by 10,000 since the beginning of 1984, and consequently unemployment has obviously been reduced, Finance Minister Rolf Presthus stated in the Storting yesterday. Minister of Labor and Municipal Affairs Arne Rettedal stuck to his former statements to the effect that there will be 30,000 fewer unemployed people next year at this time. However, the opposition parties were not satisfied with the effort the government intends to make and moved that the appropriation authorized in the budget for this year be several times larger.

Minister of Labor and Municipal Affairs Rettedal stated that there is a clear-cut decrease in the rate of unemployment now that coincides with an increase in the efforts of the authorities to reduce it. The minister threatened a further intensification of the authorities' efforts if industry itself is unable to bring about a more pronounced decrease in the number of unemployed.

Finance Minister Presthus painted a brighter picture of the prospects for the future than had seemed possible during the winter. "Since this time last year, 56,000 more people have been employed, and that may mean that we will get a sharper increase in employment this year than had been expected," Minister Presthus said.

"Industrial production is increasing, and we are expecting an increase that will definitely be sharper than was estimated earlier. There are also many indications that suggest an increase in the demand for manpower in industry. Foreign demand for Norwegian goods and services can become stronger than was originally anticipated," Minister Presthus said, and he issued a strong warning against the medicine the Labor Party is prescribing, which he described as ill-considered policy. It would increase the danger of further price increases and a weakening ability to compete. The finance minister describes the Labor Party's assertions that 25,000 more people would get jobs as a result of their policies as unrealistic politics.

However, Labor Party Leader Gro Harlem Brundtland reminded his listeners that there were 26,000 unemployed when the Willoch government took over. "If anyone had predicted at that time that we could have 80,000 unemployed under Conservative Party leadership, such a statement would have been dismissed as biased and totally absurd," he said. Gro Harlem Brundtland said that now is the time for a big effort to be made, and particularly against unemployment among young people. Deputy Chairman of the Storting's Finance Committee Gunnar Berge (Labor Party) asserted that even if the government says now that it wants to make a big effort to reduce unemployment that effort would actually be nothing more than "mere puttering around." Where the economies of the fylkes and municipalities are concerned, Gunnar Berge said that it is time now for the government to come to its senses and attend to the transferring of a good many rather large amounts of money.

9266

CS0: 3639/104

WORRY OVER LACK OF VENTURE CAPITAL FOR NEW BUSINESS

Madrid ABC in Spanish 8 Apr 84 p 65

[Text] Madrid--The future of industry, the development of new companies, and the financing of venture capital as an essential factor for making this future possible were the questions raised this week at a discussion group organized by the Madrid Stock Exchange, the Bank of Vizcaya, and the Instituto de Empresa [Enterprise Institute]. Also discussed was the program announced by the BCI [Industrial Credit Bank] to promote the industries of the future.

Manuel de la Concha, the president of the Madrid Stock Exchange, set out clearly the series of fundamental obstacles in the path of future industrial development, resulting from high interest rates, discriminatory legislation, and the present system of reducing taxes by investments, which discriminates against the secondary market. The government, speaking on this occasion through Luis Carlos Croissier, undersecretary of industry, also wants risk capital to become an important instrument for the promotion of new industries. He recalled the inclusion of a subsidiary coefficient in the royal decree on industrial reconversion.

Nunez Lagos pointed out at some length that PYMES [Small and Medium-Sized Companies] are hardly quoted at all on the stock market, and the president of the EEC Stock Exchange Committee reported that some countries in the EEC have introduced the practice of deducting dividends on newly-acquired stock from total taxable income.

A representative of the National Agency for the Establishment of Business Enterprises in France reviewed the experience his country has had with innovative finance companies, 10 of which have been established in the past few years. On this point the situation affecting the transfer of technology, which is only within the reach of large companies, and the lack of specific legislation on venture capital contracts were extensively debated at the discussion meeting. Nevertheless, Jose Miracle, the director general of financial policy, does not believe that these financial operations should receive specific tax treatment, although "the Ministry of Economy and Finance is going to study the possibilities of tax assistance

to everything related to the future." Santiago Bergareche, director general of Bancaya Promocion Industrial [Bank of Vizcaya Industrial Promotion Company], stated more precisely that he was looking for a more convenient tax formula to channel funds into venture capital projects. He considered that the banks should not be the leaders in this kind of financial activity but should support it in part.

The proposal made by Juan Beloso, director general of the Banco de Credito Industrial, attracted attention in the sense that the BCI is working on the establishment of an adequate standard for the financing of new company activities which would not involve the old systems of mortgages, personal guarantees, and other practices of the past. He emphasized that he plans to dedicate 50 percent of his time as director general to all of those projects which will bring us forward into the industrial future of our country. Escauriaza, director general of IMPI [Institute of Medium-Sized and Small Industrial Enterprises], stated that his institute will have greater resources available for small and medium-sized companies. Vallori explained in detail the whole range of efforts which the new CDTI is prepared to undertake in the field of technology and innovation. Speaking on behalf of the INI [National Institute of Industry], Rodrigo Keller stated that a deliberate policy of establishing new companies is being followed in those areas near the reconverted public industrial sector. Juergen B. Donges, the well-known economist, pointed out flatly that those not capable of understanding that future industrial society will be based on new activities of this kind, ranging from high technology to the promotion of the service industry, will not be capable of understanding the future. Therefore, he emphasized the need for pragmatism at this time of change in industrial society. Diego del Alcazar, on behalf of the Instituto de Empresa, announced that the institute has been developing a program for establishing new companies by using people capable of assuming risks and who have viable projects in mind. Assistance will be provided to them through various public and private organizations.

5170

CSO: 3548/234

FOREST INDUSTRY PROSPERING DESPITE CONCERN OVER ACID RAIN

Munich SUEDEDEUTSCHE ZEITUNG in German 3 Apr 84 p 26

[Article: "There Is no Forest Damage in Sweden: The Forestry Authorities Ensure Continuous Replacement"]

[Text] A good 200 years ago Sweden had almost no forests, which situation resulted from uncontrolled cutting of wood for the charcoal piles of the steel industry and for the supply of the population with firewood. Today Sweden is once more Europe's most forested area, but the woodlands referred to in Stockholm as the "green factory" are being managed in such a way that the increasing requirements of the cellulose and paper industries and of the furniture manufacturers and firewood consumers are being grown and replaced to an equitable extent.

Sweden is also benefiting from the fact that up until a few years ago one could hardly notice any incidence of dying forests, although hyperacidity of lakes and rivers did exist. Experts believe that one of the reasons why this situation has changed in the southern part of the country in recent years is to be found in the fact that precipitation volume has been extremely small, not to forget the extraordinarily low ground water levels. In addition, wind frequencies had in the time since 1975 been three times those registered in the preceding period.

They consequently believe that the weather which will be experienced in the upcoming years is going to play a substantial part in the development of forest damage.

Acid Bodies of Water

The first warning signals appeared in the 1960s, when the lakes in southern Sweden became gradually acidified, which development resulted from their own sulphur dioxide emissions but which was, above all, also a consequence of the harmful substances which have been and which still are being blown across from Central Europe and England. This did not affect the woodlands as much as it did the bodies of water, because there are hardly any neutralizing lime beds in the Swedish primary rock. Nevertheless, the legislative

authorities took action with the result that in the past 10 years the water bodies' own sulphur emissions receded by more than one-half. There are hardly any coal-burning power stations in this country and people have clearly opted for nuclear energy. There are, additionally, some oil-operated power stations. But there still are some 480,000 tons of sulphur descending annually upon this country, 80 percent of which arrives with the wind and the rain from Central Europe. It is for this reason that the Swedish forestry industry and the Cellulose and Paper Industry Association (SCPP) are making efforts to produce proof that it is today technically and economically possible to bring about a radical change in air quality. This was also the subject of a discussion with German economic journalists.

The wood reserves in the Swedish forests today show an annual growth rate of 75 million cubic meters. The increasing use of forest fertilization with nitrogen from aircraft is contributing to this result. The new growth of wood is harvested each year. Eighty percent of such harvest is exported, mostly in the form of cellulose, newsprint, and reinforced paper for corrugated paper manufacturers. Since the worldwide cellulose and paper boom is continuing and since there has been a 2-months strike in British Columbia (Western Canada), which caused the loss of large-scale cellulose exports to Europe and East Asia, the prices will continue to rise. According to data provided by the Swedish manufacturing association, the new price for standard-quality cellulose is 540 dollars per ton. Two years ago it was 420 dollars.

Upward Price Trend

It is further reported that, during the 1970s, Sweden has comprehensively modernized its capacities and is once more fully competitive. [A total] of 550,000 tons of cellulose and 800,000 tons of paper and cardboard are exported annually to the Federal Republic of Germany. With a total of 3.3 million tons, the entire European Community is taking almost one-half of the Swedish paper and cardboard production (a good 6.3 million tons). The customs duties--amounting to 2 percent until then--dropped at the beginning of the year. Approximately 3.1 million tons of the somewhat less than 8.7 million tons of cellulose production are exported. On the subject of further price developments, it was stated that cellulose prices could again go up, but the same prediction could not be safely made for newsprint, because there exist worldwide surplus capacities in this respect.

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CSO: 3620/264

COLASAN ON OZAL AS ECONOMIC TACTICIAN

Istanbul CUMHURIYET in Turkish 8 Apr 84 p 9

Interview with Emin Colasan by CUMHURIYET economics editor Osman Ulagay]

[Text] Our guest this week in "Economic Dialogue" is journalist and investigator Emin Colasan, who has just published a new book, "12 September: Behind the Scenes of the Ozal Economy." We asked Colasan questions prompted by reading his controversial book, "24 January: Behind the Scenes of an Era," which appeared last year, and his latest book which is more or less a continuation of it.

Emin Colasan Profile

Emin Colasan was born in 1942. After Ankara College, he attended the Administrative Science Faculty at the Middle East Technical University. His first job was at the State Planning Organization [SPO] in 1965, a job which was terminated in 1969 by Turgut Ozal who became SPO Under Secretary at that time. He later worked at the Finance and Trade Ministries and at the Petro-Chemical Corporation. In 1977, Colasan launched his career as a journalist at MILLIYET. He has received numerous journalism awards and is the author of two books, "24 January: Behind the Scenes of an Era" and "12 September: Behind the Scenes of the Ozal Economy."

[Question] Mr Colasan, I would first like to get your views on a criticism that was made of your first book in particular. In going behind the scenes of both 24 January and 12 September, you include comments, views and reactions of many people who guided the events of those times. Now, the charge here is that you were inspired, perhaps even influenced, in accomplishing these works by a very tight circle and especially Ozal's circle...

[Answer] Now I counted them in the first book and I had interviews with 55 people while writing that book. Of course, they included Ozal, as well as Kaya Erdem and others. In the second book, this number was 68 and again included Ozal. It also included members of his team as well as the opponents of this team. Everyone from every sector, from the private sector, from the public sector, politicians, retired politicians banned from political activity, everyone you can

imagine from every sector was very generous to me with their papers and discussion of what they knew. And that is what makes up the book.

[Question] In writing such a book, it is important and necessary that what one person says be checked out with other persons or sides who experienced the same events.

[Answer] Of course, it is important. If you don't do it, you can back yourself into a corner and be publicly embarrassed.

[Question] Now in both your books, you describe events through the words of various people or by attribution to them and you are careful to offer no interpretation. But it seems to me that in talking to all these people and writing these books, you had a set idea about these people and especially about Ozal, who plays the lead so to speak; about Ozal's personality. That was the impression I got in reading the books anyway. Ozal, for instance, gives the impression of being a person who gets a project or a goal in his head and goes straight towards it, considering all means to this end permissible and overcoming all obstacles whatever they may be in achieving this goal.

[Answer] Naturally he cannot always surmount all obstacles, but he is smart enough to back up when he can't. He is extremely good at timing and laying his plans around that goal and setting off after it again. The Ozal I know is a person who is very astute at this business.

[Question] You mean he has a strong political side...

[Answer] Strong, very strong. And I do not think the Turkish public knows even the half of this side of Ozal. I think he will be doing this kind of advance and retreat from now on and the Turkish public will have a chance to become better acquainted with this side of him.

[Question] Doesn't Ozal also have a little of what we might call a tough side, that could push old friendships and former attachments aside if necessary in advancing toward his goal?

[Answer] Now if you're asking here about Ozal's relationship with a former political leader, his hands are tied in this regard as far as I can see. He has to forget that friendship. As I said in the book, if he was told that he now had to sever his relationship with that leader, then he had to sever that friendship. But whether he did it willingly or because his interests lay in that direction is something I don't know. Other than this, however, Ozal is a person who is loyal to his friends. He stood by one Kaya Erdem, for instance, and has been loyal to the team he worked with years ago at the SPO. Once you're in his circle, you don't leave.

[Question] And this team is most likely very loyal to him also, such that if he calls on them for a task, they drop what they are doing and come. There seems to be a kind of team spirit here.

[Answer] My estimate is that Ozal has a close company of 50 or 60 people who are loyal to him. Eight or 10 of them who were prominent even before the 6 November elections hold very responsible positions now. Others doubtless were brought in for specific positions after 6 November.

[Question] Mr Colasan, the relationships that Ozal has developed with financial circles and international financial institutions perhaps play -- and so it appears in your books also -- the most important role in his career. Now do you also see the politician in Ozal that we were just discussing in the bargaining he does with these institutions, the side that makes concessions when necessary and gets concessions when necessary? Or, as is sometimes charged, is it always we, or Ozal on our behalf, who give concessions in bargaining, with the IMF for example?

[Answer] Really, as far as I can see, it is Turkey that always gives concessions here. But it may be that the IMF has given a slight concession here and there as if to keep the baby from crying too much. There are examples in the book. For instance, Ozal may have been given a few minor concessions to keep from putting him in a difficult position vis-a-vis the military, in the sense of looking after that, but it has always been the IMF that got concessions in major matters. As a result, the policies that the IMF wants are being applied in Turkey. But then Ozal says these policies are in our interest anyway and, therefore, we are implementing them.

[Question] A theme that runs through the recent book has to do with the differences in economic concepts between Ozal and the administration formed after 12 September and the repercussions of them. At one place in the book there is even a comment attributed to Ozal, something like: "There is no place for me in this government; we're inherently opposite." Why do you think Ozal accepted this job and kept it so long despite this basic difference?

[Answer] I see it this way. Ozal just believed heart and soul in the economic stabilization program initiated on 24 January and wanted to see it through to the end. He had started it, he made the agreements with the IMF and he was not willing to leave this program half finished or to turn it over to someone else.

[Question] Well, if we just look at it from the other side, why did the 12 September administration keep Ozal on, despite their differences of opinion and the influence of experts with opposing views?

[Answer] The fact is the military knew as well as we do that the Turkish economy is externally dependent. So of course they knew how important the IMF, the World Bank, the OECD and the foreign banks were. And they had no other cards to play against these organizations; Ozal was the only card they had. So they had to use Ozal. They had no other solution. Ozal was respected in foreign financial circles and there was the benefit that not going back on his word afforded them. The 12 September administration thought about all these things and, in my opinion, did what was best from their own standpoint, which was to leave the running of the economy up to Ozal from the beginning. Of course, as I described in the book, they arrived at this decision after a great deal of haggling.

[Question] Various parts of the second book explain that this cooperation did not run very easily and smoothly, relating the events which brought Ozal to the point of resignation. The brokerage incident, which was the last straw in the developments that were to be punctuated by Ozal's resignation in mid-1982, though, is described only briefly and you say that the rest will be told in a third volume. Now, the question I want to ask you here is this: In your opinion, wasn't there at least some neglect, some carelessness in Ozal and his team's handling of the brokerage incident?

[Answer] I think this is something beyond neglect. Rather than treating it lightly, it was encouraged. There was the idea that "the brokers should be allowed to fatten; let the shady money go to them and from there to industry. Interest competition is a good thing and the brokers should be encouraged because they force it to happen." At any rate, if Ozal had opposed this business from the start, he would not have allowed the brokerages to proliferate, he would not have shut his eyes to it. Ozal saw later that the dimensions of it were changing and it was not what he had planned. But by the time he realized this, it was already too late.

[Question] Okay, let me ask you this final question, Mr Colasan: Ozal and his team are now in power. Do you think this team will achieve its goal? Will it be able to open the way to a lasting solution for the Turkish economy?

[Answer] My view is this: Turgut Ozal and his team are bringing Turkey a new economic view and philosophy and, for my money, it's the most reliable team to come down the pike. In my opinion, Ozal and his team should have been given this opportunity 4 or 5 years ago so we could have seen what the result would be. Ozal now has full authority and we will have to see what he does with it. If there are new cuts in the interim, Ozal will be a legend for all time.

8349

CSO: 3554/202

BARLAS ON CONCERTED EFFORT TO BOOST ECONOMY

Istanbul MILLIYET in Turkish 8 Apr 84 p 1

[Editorial by Mehmet Barlas: "Economic Facts"]

[Text] If we are going to be successful economically, we all have to contribute to the effort.

All of us, from the citizen in the street to the president, from the peasant in his field to the industrialist, must realize that this is a new era of economic realism and do our part.

First, economics based on facts is a matter of morale. It is imperative that we not be daunted by looking at the figures.

Let me give an example...

If foreign exchange rates continue as they are, and if production remains at the present level, it is clear that per capita national income is going to drop below \$700 next year.

We must not look at this figure and say, "You see, we are going under."

If Ozal keeps the foreign exchange rate steady or even revalues, even though the value of the Turkish lira is 50 liras to the dollar, per capita income will be the same as in the Netherlands.

Let us not forget that many Eastern Bloc nations, under similar circumstances, are practicing both Marxist materialism and a good deal of wishful thinking in their economies.

We may look at nations such as Romania, Bulgaria and Czechoslovakia for example. Their per capita national income is over \$4,000. But the currency in these countries is not convertible and nothing is taken into account except the official exchange rate, as if a ruble were equal to a dollar, a lev to a German mark or a zloty to a Swiss franc. They figure their national income this way and then convert it into dollars.

However, if the black market difference of those currencies and their foreign purchasing power were taken fully into account, it would be necessary to divide all these official figures by five.

For years Turkey avoided putting its currency on the market to find its true value, but now has come full circle and is trying to let it fall, because in a country where the currency is protected above its true value against the international exchange rate, exports cannot increase and imports come at a premium.

The condition for economic success is that everyone believe in what has to be done and support it.

For instance, Turkey's future depends on increasing exports. Sixteen exporting firms have been singled out today and are being criticized for it. If the number of firms doing business in excess of \$50 million grows each year, if these 16 companies become 50 and if the future cut-off becomes \$100 million-\$200 million, we will see that we have succeeded. So we ought to encourage these exporting firms and their salesmen, at least as much as we do the football teams and wrestlers. The president ought to recognize them and society cheer them. Exportation must become a national cause above and beyond the day-to-day hassles. Even in England, the queen bestows annual export awards.

In economic realism, the citizen, the industrialist and the merchant alike must be as prudent and frugal as possible, because inflationary expectations in such a climate can bankrupt the family as well as the businessman.

We believe in the future of Turkey. The important thing is not right or left, but the resolve to implement a stable and continuous policy under democracy. At this, Turkey has succeeded.

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CSO: 3554/202

POSITIVE OVERALL ASSESSMENT OF FOREIGN EXCHANGE MANAGEMENT

Istanbul DUNYA in Turkish 24 Apr 84 p 1

[Editorial: "Foreign Exchange Management"]

[Text] Turkey's current foreign exchange reserve is figured at more than \$2 billion. A little over half of this reserve is in the Central Bank and a little of it is in private commercial banks.

Albeit limited to several hundred millions of dollars since the first of the year, the foreign exchange reserve is seen to be steadily rising going into the final week of April. This development denies the initial fears that foreign exchange reserves would be rapidly depleted by the liberalization of the import regime. Increased imports aside, periodic declines as well are also being used to prove fears unjustified.

It is necessary to be a little careful here. Imports will start to put more of a strain on the foreign exchange reserve in the months ahead. In fact, it is seen that imports drew more heavily on acceptance credits in the first quarter of the year than last year. The net increase in use of acceptance credits was \$190 million.

In addition, the rapid increase in exports in the early months of the year will be entering a slowing trend. It is worth noting in this regard that prefinancing of exports in which development is being attempted is down by around \$50 million.

The same is on the books for worker remittances. The slowed trend in worker remittances persists. On the other hand, it may be said that foreign exchange deposit accounts are increasing. However, the fact must not be ignored that although the increase in foreign exchange deposit accounts is due in large part to accounts opened at the Central Bank by workers abroad through the intermediary West German Dresdner Bank, lifting the ban on opening this kind of account at all banks also created an additional resource of several-hundred million dollars. The trend cannot be expected to remain steady.

Another fact which may seem pessimistic has to do with the foreign exchange reserve itself. The more than \$2 billion in the reserve includes accounts covered by Turkey's "bilateral payment agreements" with Iran which the IMF has been forced to overlook. Included also are certain foreign exchange sums called "redemptions" (en route and anticipated) which are not in hand. When these and the sums committed to the advance coverage practice employed by some foreign banks are deducted, the foreign exchange reserve available for use is reduced by \$500 million-\$600 million.

We also must not forget that the approximately \$1.5 billion remaining in the account is supported by \$300 million in medium-term foreign bank credits. Central Bank authorities have announced that they will not be going into any new debt of this type for 1984, so this kind of reinforcement will not be on the books.

Still, the implacable listing of all the points for pessimism cannot alter one fact. Turkey has managed on its own in the past few years to round up a foreign exchange reserve in excess of \$1 billion, which gives it the assurance of being able to meet its foreign debt payments.

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7/5

DEMOGRAPHIC DATA ON POPULATION VERSUS HOUSING

Istanbul TERCUMAN in Turkish 24 Apr 84 p 9

[Article by Nur Taslica: "Housing Deficit Grows with Urban Population, Wage-Earners Impatient"; passages enclosed in slantlines printed in boldface]

[Text] The rapid increase in urbanization indicators in Turkey, that is, the rising tide of village-to-city migration indicates that the housing deficit will grow even larger, especially in the cities. /Meanwhile, if one considers that despite a drop from 2.78 percent to 2.07 percent in the annual average rate of population growth in Turkey between 1955 and 1980, the national and urban population still grows by approximately 1 million people each year, the dimensions of the housing problem Turkey anticipates in the years ahead are apparent./

/It is estimated that the present housing shortage of at least 1.3 million will double to 2.5 million within 5 years if not checked./

This year's housing shortage is expected to be around 210,000. /According to these estimates, based on the assumption that per-household population will be 4.56 and 6 persons respectively in urban and rural areas during the fifth plan period, approximately 395,000 homes will need to be built each year for the next five years./ Annual housing production in our country, however, is at the level of 160,000.

The current crisis in the housing sector is attributable to the fact that little or no housing credits provided by the social security organizations are being given to wage-earners, who comprise a large majority of the national population.

Urbanization Indicators in Turkey

Year	Urban Population (%)	Rural Population (%)	Annual Urban Population Growth (%)	Annual Urban* Population Growth (%)
1955	22.1	77.9	--	--
1960	25.2	74.8	5.47	2.04
1965	29.8	70.2	5.78	1.21
1970	35.8	64.2	6.19	0.73
1975	41.4	58.6	5.43	0.66
1980	45.4	54.6	3.93	0.64
1983(estimate)	47.9	52.1	--	--

*[As published; this column probably should be: Annual Rural Population Growth]

1984-1988 Housing Shortage Estimate
(Thousands)

Year	Requirement	Production	Annual Shortage	Accumulative Shortage
1955-1983	4,963.0	3,671.2	--	1,291.8
1984	370.1	160.1	210.0	1,501.8
1985	382.1	160.1	222.0	1,723.8
1986	394.7	160.1	234.6	1,958.4
1987	408.0	160.1	247.9	2,206.3
1988	421.8	160.1	261.7	2,468.0

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CSO: 3554/209

OIL, NATURAL GAS EXPLORATION IN NORTH SEA

Rotterdam NRC HANDELSBLAD in Dutch 4 Apr 84 supplement p 1

[Article by correspondent Ben Greif: "Bonanza in the Netherlands: Oil, Gas and Much Money"]

[Text] If it is a question of the exploration and production of oil and gas in the Dutch section of the North Sea in the future, it appears as if there never was an economic crisis. Investment figures of many billions--according to the Ministry of Economic Affairs, 10 billion in the next 5 to 6 years--are quite common.

The conclusion that an enormous oil and gas bonanza must then be involved there is obvious, but a certain relative view is called for. In the over 16 years in which exploration for oil and gas has been conducted in the Dutch section of the continental shelf, both disappointments as well as windfalls have been reported.

What did not come up to expectations was the fact that this part of the North Sea did not seem to have any gas fields like the Groningen field. Most of the little fields which were found were small to very small, often marginal. Still the large number of gas deposits is viewed positively after all. Together about 15 percent of our gas reserves are located in the Dutch section of the North Sea. However that is still less than expected originally.

Also Oil

In recent years the North Sea appeared all at once to have the most interesting amount of oil. A number of rather spectacular finds suddenly emphasized shifting prospecting operations in that direction and not without success.

Meanwhile more than half of Dutch oil reserves are now offshore. Moreover it must be pointed out that the total oil reserves under Dutch soil--80 million cubic meters, of which 30 million are proven--are of very modest scope. But still, oil production offshore is now almost just as large as that from the fields on land, which are decades old (Schoonebeek West-Netherlands). In the coming years Dutch oil production--mainly offshore, where in a few years 5 fields will be in production--is going to rise to 5 to 15 and one-half million cubic meters. With that approximately one-quarter of the present Dutch oil consumption will be covered.

Such an oil supply of our own is a big gain, it saves millions in the balance of payments and makes the Netherlands considerably less vulnerable in oil supply. In the case of a crisis in the world oil market that can be very pleasant.

Therefore the Ministry of Economic Affairs appears reasonably satisfied with the efforts in the field of the exploration and production of oil and gas. Doctoral candidate, C.W.M. Dessens, head of the general administration of energy policy and mining (and since April 1, at the same time, acting director general for energy) says: "price rises of oil and gas are an important factor. As a result, even the smaller fields have become economically profitable. They are economically very interesting projects. Just consider: a gas field of 3 million cubic meters provides a company with a cash flow of 1 million guilders."

Doctoral Candidate Chr. Staudt, head of the deep underground section of the RGD National Geological Service says it somewhat more strongly: "The Netherlands together with the United States and certain states in the Middle East is one of the attractive countries for the oil industry as far as profitability and stability go."

"And in contrast to other North Sea countries such as England and Norway, the Netherlands has succeeded in making the smallest fields economically profitable. The main factors which have played a role in that are: the stability of the oil and gas production system and the good market for gas right next door."

The Fifth Round

The interest in exploration permits in the framework of the "fifth round" show that the appeal of the Netherlands shelf has currently not yet died down. The application period for that expired at the end of last week. Dessens calls the interest "reasonably strong." In the new exploration round--about 20

percent of the total surface--several North Sea blocks are included which were already distributed in the first round (in 1968). Therefore a great deal has gradually been learned about these areas.

The oil industry acted very mysteriously last week. No one could even suspect in what blocks a definite company or group was interested. "It is just a game of musical chairs," says Dessens. "Even on helicopter flights to North Sea locations one looks suspiciously at who goes where."

The NAM [Netherlands Natural Gas Co] 50 percent Shell and 50 percent Esso expects that there is a considerable interest in a relatively small number of blocks. Consequently they are fighting for the most delicious bones.

The NAM itself, still number one in the Netherlands in the exploration and production field, is directing its attention in the future toward the small fields, both on land and offshore. Although the North Sea is continually becoming more important as a gas supplier, still the small fields on land, besides Groningen, belonging to the NAM deliver more gas than its much discussed and expensive offshore fields.

In the period up to 1990, the NAM will probably have a total of 11 drilling platforms in operation, of which 3 or 4 are offshore (not only for exploration, but also for evaluation and production wells) and 6 to 8 on land. The yearly cost of these drilling platforms amounted only last year to 700 million guilders, that means including the cost of supply industries, services, transportation and materials. A day of offshore drilling costs over a quarter a million.

The NAM's program for the putting into production of commercially profitable fields in the next 5 years includes 14 offshore production platforms with pipelines and 19 platforms on land (mainly in Drenthe and Groningen).

F-3 Project

One of the largest projects, especially as regards investments is the so-called F-3 project, far to the north on the continental shelf. Here the NAM, among others together with its partner DSM [Dutch State Mines] natural gas (read: the state) will invest 6 billion guilders for the production of 12 billion cubic meters of gas, 4 million cubic meters of oil gases and 4 million cubic meters of light oil. The project which also

extends to blocks F-2 and F-6, envisages the construction of production platforms, a pipeline to the mainland and an oil and gas separation plant at Eemshaven.

The NAM had hoped to begin production in F-3 in 1985. Meanwhile there has already been a 2 year delay because of the lack of the necessary permits. The postponement is now due to a judgment in the appeal to the crown (with a delaying effect), which was made by the National Association for the Preservation of the Waddenzee against laying a pipeline across the Waddenzee. That decision is expected in the middle of the year.

The NAM's total investment amount for the 1984-1988 period is estimated at 10 billion guilders, half offshore and half on land. A good part of this amount is devoted to exploration, in which the company surely is thinking about drilling in the northern section of the Netherlands shelf, the part where until now exploration has really only been conducted rather sparingly. "The discovery in F-3 is proof that the northern section interests us," according to a NAM spokesman.

What may still be expected in offshore discoveries? No one dares to give an exact answer. However, the experts are agreed on one thing: the Groningen field is unique as a geological formation, you do not find anything like it in the North Sea. According to the NAM, gas fields of 30 billion cubic meters must be regarded as larger deposits in the framework of today's possibilities. Several of those fields are on land, Ameland, Annerveen, Coeverden. Offshore the fields are often not larger than 5 to 10 billion cubic meters and frequently even smaller.

Therefore the recent offshore gas discovery in block L-13 by NAM (as operator for a group with four other partners) must be regarded as a considerable breakthrough. At the NAM itself, no one will reveal its scope; the well is only called "interesting." Former NAM director, Eng J.J. van Engelshoven, now responsible for exploration and production in the entire Royal/Shell group is a bit more positive. He estimates the discovery in L-13, about 50 kilometers northwest of Den Helder, at 10 to 20 billion cubic meters. "We were pleasantly surprised by this find. Really, I am very pleased with it," according to Van Engelshoven.

Doctoral candidate Chr. Staudt of the EGD says: "We have not discovered really large gas fields offshore, even not one which is 10 percent of the Groningen field. I also consider the chance very small that we ever will find such a one there, but I do not exclude that we again stumble on one of a hundred billion cubic meters."

It is believed Staudt knows that. His service follows exploration for oil and gas closely. The RDG gets data from all companies (seismic, drilling samples) to be able to advise the Ministry of Economic Affairs about granting exploration and production permits.

Pin Cushions

The most recent figures on Dutch oil and gas reserves (processed to and including November 1983) provide the following picture: gas 2,111 billion m³, of which 1,727 are proven. Of that 275 billion are under the continental shelf, of which 146 billion are proven. The Groningen gas field is the largest; estimated at 1,575 billion m³, of which 1,464 billion are proven. Oil: total for the Netherlands 80 million m³ of which 50 million are proven; of that offshore 43 million (21 million proven).

Gas discoveries offshore are mainly concentrated in blocks K, L and Q, that is only in the strip west of the Wadden Islands. A single field is somewhat more to the north and a few somewhat more to the south. Oil is found much more dispersed in the Dutch North Sea section. The P-blocks especially, approximately off IJmuiden, appear interesting recently, but occasional oil is also found elsewhere (in the F-sector, for example).

The map of the Dutch sector of the North Sea gradually becomes a pin cushion with still only here and there--especially in the north--some empty spots. The number of pipelines is also gradually increasing. There is now an oil pipeline which crosses the coastline at IJmuiden; there are two gas pipelines from blocks K and L which reach land at Calantsoog.

In addition, a pipeline runs from offshore to Uithuizen (Groningen) and oil pipelines also come from the P-blocks and from the far north of the F-project. Moreover, all gas fields are connected by pipelines with each other. Perhaps a gas pipeline also will run from the Netherlands shelf to the British sector. That is based on the English decision to eventually buy Dutch gas.

In the Trash Can

Until now the success rate on the Netherlands shelf was about 20 percent, one out of five drilling operations was "a discovery," in connection with which, besides, it still was necessary to wait and see whether the finds were commercially profitable. Mobil Director H.K. Holland said recently that the necessary gas and oil discoveries probably can be expected in

the Dutch North Sea section, "but it must be assumed that it then will involve smaller discoveries." According to Holland, it must be taken into account that the smaller finds cannot be operated profitably in the future.

These types of statements by the oil industry fit in completely with the effort to mollify the Dutch government. Joint pressure of the oil and gas industry on the present cabinet had succeeded previously; the plan to "skim" additional gas profits from small fields via taxes disappeared rather quickly in the trash can. The tax would have provided the state about a quarter of a billion yearly. However, during the hearing industry convinced the government that such a thing would absolutely prevent marginal fields from being put into production. Minister Van Aardenne (Economic Affairs) yielded to those arguments.

Distrust of the oil companies, who could keep discoveries secret or could say that there was less oil and gas somewhere than there really was, was hardly found at Economic Affairs or at the RGD. Dessens (administration of energy policy) said: "as far as I know there is no business which neglects an opportunity for cash flow. The oil companies have no interest at all in restraining business, in view of Dutch efforts for additional gas export. Naturally we certainly share a healthy conservatism. As an oil company you can only indicate what you know at that moment, for there is a high degree of speculation in exploration for gas and oil. We do not drill at random, but the outcome is a gamble.

And RDG representative Staudt says: "You only know whether you have oil or gas when you have drilled. It is true that the companies develop the most attractive prospects first, the smaller and marginal fields come later. But I think that it is not possible to have a field in reserve in Dutch territory, about which no one knows anything."

8940

CSO: 3614/73

ENERGY MINISTER: HIGH GAS PRICE LIMITS EXPORT SALES

Oslo AFTENPOSTEN in Norwegian 27 Apr 84 p 34

[Article by Flemming Dahl: "Doubt About Europe's Desire to Buy Norwegian Gas"]

[Text] Minister of Oil and Energy Kare Kristiansen said yesterday that Norwegian authorities have perhaps had exaggerated expectations of the interest in the European market for purchasing high-priced Norwegian gas.

"That can raise questions as to whether we perhaps miscalculated certain factors and whether the interest in Europe is as great as we thought," he said at a press conference.

The question was raised against the background of the London government's so far not having approved the agreement between the British state gas company BGC and Statoil about the purchase of Norwegian Sleipner gas.

Kristiansen said that the nonapproval of the agreement, which involves enormous income for the Norwegian state, now is an issue which concerns him. But he emphasized that he has not given up hope of prompt approval by the London government. "I have been optimistic and still am."

The oil and energy minister hopes that the Storting will find time to deal with the development plans for the Sleipner field during the spring session, if an approval of the purchase agreement is forthcoming from London within one month. Previously it was said that approval should be forthcoming before Easter if the Storting was to deal with Sleipner this spring, and thereby avoid a postponement of the anticipated field development.

Kristiansen maintained that the authorities want to invest in a rapid development of the oil fields if it proves that Sleipner gas does not sell at the desired price. He said that a rapid development of phase two of the Gullfaks fields is an existing oil alternative, and he did not exclude the possibility that a rapid Gullfaks plan could be dealt with in the current session of the Storting.

Norway has long maintained that West European countries should be willing to pay a high price--a so-called security-political price--to ensure a supply of Norwegian gas and thereby avoid too great dependence on cheaper Soviet gas, but recently the authorities have had reason to doubt the Europeans' desire for that. It has been implied by commercial interests on the continent that coal can be the alternative to Norwegian gas when they want to avoid dependence on the Soviet Union.

In a comment on that, Kare Kristiansen said that coal contains great pollution problems. "I believe that more and more countries have concluded that it is a dangerous substitution," he commented.

The oil and energy minister previously said that development of the gigantic Troll gas field can be postponed if the agreement for purchase of Sleipner gas is not approved in London. He emphasized that it is unrealistic to reduce the Norwegian tax level to ensure prompt sale of Sleipner and Troll gas.

9287

CSO: 3639/108

ENERGY MINISTER KRISTIANSSEN DEFENDS STATOIL POLICIES

Oslo AFTENPOSTEN in Norwegian 27 Apr 84 p 5

[Article by Odd Inge Skjævesland: "Foolish to Talk About a Reduced Statoil"]

[Text] Minister of Oil and Energy Kare Kristiansen said that there has never been talk about reducing Statoil in any way. But he specified that it has been necessary to give the company less influence in daily business operations. "Agreement with the Labor Party has put everything in order for expansion on the continental shelf," maintained Kristiansen, who emphasized that the government is very pleased that agreement has been reached between the government and the opposition on reorganizing Statoil.

"Now more emphasis can be placed on Statoil's knowledge than on the company's ownership interests," said the oil and energy minister at a press conference in Oslo yesterday. The company will continue to look after the state's operations in the North Sea, and will take care of all state participation interests--which now are at least 50 percent. The minister pointed out that Statoil will hereafter have to pay its own exploration expenses the same as other Norwegian companies. "At the same time, freedom will be greater to finance items that the state budget does not cover. In possible cooperation with Hydro and Saga, they are preparing for gradual expansion of foreign operations. The only limitation for Statoil is that the company has its main responsibility on the Norwegian shelf," said Kristiansen.

The oil and energy minister said that a negotiating committee would be set up for the sale of gas. The committee will consist of Statoil, Hydro and Saga. And the three companies, together with the authorities, will be represented on a new contact committee for such sales.

Minister Kristiansen emphasized that it is necessary to reduce Statoil's business freedom until the year 2000. But that will not apply to the Statfjord field, because Statoil already has calculated on the income from there.

The government expects that the changes will take place starting 1 January of next year. In the near future a bill will be placed before the Storting concerning extra appropriations for the Ministry of Oil and Energy, the Ministry of Finance and the Oil Directorate. The bill contains proposals for expanding the expertise that these three departments already possess.

It is unclear what will happen with the development of More I and Troms II. The minister of oil and energy will ask the local authorities to prepare an analysis of results of the activity at the two fields. He has greater confidence that More I will be included in the last phase of the 10th concession round than Troms II. The minister believes that the possibility that More will be included is 50-50.

Concerning the expansion of Etna/Dokka watercourse, Kare Kristiansen said that environmental considerations were kept as strong as possible. He emphatically denied that the Ministry of Environmental Affairs was overruled on that issue. Relations with the environment minister are good, said Kristiansen.

9287

CSO: 3639/108

GOVERNMENT IN AGREEMENT ON ENERGY POLICY

Oslo AFTENPOSTEN in Norwegian 25 Apr 84 p 3

[Article by Thorleif Andreassen: "Unified Government Behind Energy Saving"]

[Excerpts] The government will present the report on energy saving to the Storting in the spring session. The first draft is finished. Now there remains the coordination of savings actions with the other departments. Minister of Oil and Energy Kare Kristiansen told AFTENPOSTEN that there are great possibilities for saving energy, but the effect of the actions is largely dependent on informational activities, stimulating actions, use of price policy and orders of different kinds. Kristiansen denied claims that there were different conceptions within the government of the need for saving energy.

"This work has high priority in all three government parties, something which appeared in the parties' declaration of unity and in the government's inaugural declaration," Kare Kristiansen pointed out.

The work on the report on energy saving began before Kristiansen's time in the Ministry of Oil and Energy. It was begun by its own committee, the Group for Resource Studies, which put its basic material in the report.

"That put the material on a theoretical plane. It is the government's task to bring the actions onto a practical plane," said the minister.

"For several reasons you have been presented by some as an opponent of energy saving and a spokesman for expansion of our watercourses."

"I have a universally clear view of the value of saving energy and protecting nature. Let it be said that I have at least as much concern for virgin nature as colleagues in other departments."

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CSO: 3639/108

PAPER COMMENTS ON OIL POLICY AGREEMENT BETWEEN GOVERNMENT, LABOR

Oslo AFTENPOSTEN in Norwegian 13 Apr 84 p 2

[Editorial: "Consensus on Statoil"]

[Text] A political event of historical significance has taken place. At the final meeting for negotiations on Wednesday, 11 April 1984, the government and the Labor Party succeeded in arriving at a comprehensive national agreement on the question of how the state's oil enterprise is to be organized. The parties concerned deserve gratitude and honor for that achievement, and we congratulate both the prime minister and the four political parties that are supporting the agreement. This political compromise on Statoil will be of far-reaching significance for the Norwegian oil industry in the future. They agreed upon a model state oil enterprise with which governments made up of representatives of various political parties could live. To quote from the agreement, the model is intended to respond to the need for flexibility and continuity, so that the structure of the state's participation in petroleum operations can continue unaltered through changing political conditions.

Taking into consideration the economic and social dimensions connected with the resources on the continental shelf, it is in this nation's interest for the political conflict to be called off. Naturally, we will continue to have a debate that is characterized by the expression of views of various political shades of meaning and different opinions regarding the assignment of priorities, but now there will be a basis for broad agreement on the central question in Norwegian policy in regard to oil.

The agreement on which the Labor Party and the three parties of the government coalition got together is, in itself, a recognition of the fact that a Statoil that was growing was in the process of becoming a problem. A futile and polarizing debate gradually developed in an area where all responsible forces clearly perceived the need for more comprehensive solutions. If there was anything that ought to call for a political consensus, it certainly was oil operations.

That was all the more reason why the debate on the government's oil operations was characterized by an apparent lack of agreement to a great extent. Aside from certain marginal political groups, there actually was no one who wanted to weaken national control or "clip Statoil's wings," as could easily have been deduced from current vulgar propaganda. What people thought, instead,

was that the government's participation in oil operations should be made the subject of more comprehensive, universal consideration. It is that view that gradually took over and that also forms the basis for the present compromise. The negotiations that took place recently between the government and the Labor Party regarding the organization of Statoil should be able to serve as a model for dealing with other national problems, too. Only think what we could do, working together, to create a better basis for secure and lasting employment in a country with our resources and capabilities! There are plenty of problems that call for broad and comprehensive solutions.

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CSO: 3639/104

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